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## U.S., Soviet Union Sign Pact to Scrap INF Missiles

By Don Oberdorfer  
Washington Post Service

WASHINGTON — President Ronald Reagan and Mikhail S. Gorbachev, the Soviet leader, signed a treaty Tuesday eliminating medium-range and shorter-range nuclear missiles.

They also declared their determination to go on to cut long-range strategic nuclear arms.

Sitting side by side in the East Room of the White House, the two leaders inscribed their signatures on the intermediate-range nuclear forces treaty, the first treaty ever to eliminate an entire class of offensive nuclear arms. Then they went back to work on wide-ranging discussions intended to bring additional gains in disarmament and U.S.-Soviet relations.

Under terms of the accord, the United States will over three years scrap Pershing-2 and cruise missiles deployed in West Germany, Britain, Italy and Belgium. In all, the United States will eliminate about 850 medium- and shorter-range missiles. The Soviet Union will eliminate about 1,750 missiles over all.

Mr. Reagan and Mr. Gorbachev, at times solemn, at times gently joshing with each other in the manner of old friends and quoting from proverbs and sayings, time after time expressed hope that the talks this week, their third summit meeting, would be crowned with further achievements.

"We can see what we can accomplish when we pull together," Mr. Reagan said before signing the treaty.

He said the treaty should be not the end but "the beginning of a working relationship" that could bring progress in reducing strategic arms, improving the balance of conventional forces in Europe, settling regional conflicts and advancing human rights.

Mr. Gorbachev also made mention of the potential for reductions of conventional arms in Europe.

The Soviet leader, as he prepared to put his name to the treaty, described it as a chance to change the direction of great power military developments, "a big chance at last to get onto the road leading away from the threat of catastrophe."

Mr. Gorbachev said that Dec. 8, 1987, was "a date that will be inscribed in history" as the dividing point between growing risk of nuclear war and a growing demilitarization of the world.

The preamble to the treaty they signed declared that the United States and the Soviet Union were: "Conscious that nuclear war would have devastating consequences for all mankind," "Guided by the objective of strengthening strategic stability," "Convinced that the measures set forth in this treaty will

help to reduce the outbreak of war and strengthen international peace and security.

"Mindful of their obligations under Article VI of the Treaty on the Non-Proliferation of Nuclear Weapons."

A last-minute hitch that threatened to create a ticklish diplomatic and political problem was settled on Tuesday morning when the Soviet Embassy provided a clear photograph, which had been transmitted by facsimile from Moscow overnight, of an SS-20 missile, the principal type of Soviet nuclear weapon that is to be eliminated under the intermediate nuclear forces treaty.

A photograph that had previously been submitted for inclusion in the annex of the treaty, was rejected by the United States on Monday night as inadequate. State Department officials said the earlier picture showed the huge canister in which the mobile SS-20 is transported, but not the missile itself.

Until the picture from Moscow was received several hours before the signing of the treaty, the United States did not have a clear photograph of the missile, which is rarely removed from its portable canister, according to the officials.

A Soviet spokesman, Gennadi I. Gerasimov, made light of the dispute, holding up a copy of the photograph at a news

conference after it had been provided to the U.S. side and saying, "There is nothing very exciting in it."

The first meeting of the two leaders came during a full-dress ceremonial welcome, complete with 21-gun salute, U.S. military honors and U.S. and Soviet flags and anthems on the White House South Lawn.

In an exchange of remarks that was unusually substantive for such a ceremonial occasion, Mr. Reagan and Mr. Gorbachev each declared his intention of using the three days of talks to make progress toward their agreed goal of reducing U.S. and Soviet strategic nuclear arms by 50 percent.

Speaking first in a Russian phrase and then in English, Mr. Reagan said, "The world is watching."

He added: "We make history. Changing its direction is within our power. However, such change is not easy and can be accomplished only when leaders of both sides have no illusions, talk with candor and meet differences head on. Such, I hope, will be the spirit of our upcoming meetings."

Mr. Reagan made it clear that, in addition to nuclear arms control, he was eager to discuss with Mr. Gorbachev the entire

See SUMMIT, Page 4

### Klosk France Expels Iranian Rebels

PARIS (AP) — France on Tuesday expelled 17 alleged members of an Iranian opposition movement, putting them on a plane to the West African country of Gabon.

The Interior Ministry said that 14 Iranians and three Turkish citizens it said were members of the People's Mujahidin of Iran were expelled Tuesday morning "for pressing reasons of national security. The ministry said nine others — eight Iranians and one Turk — were placed under house arrest.

The government of Prime Minister Jacques Chirac denied charges that its actions against the mujahidin stemmed from negotiations with Iran over French hostages in Lebanon.

Senator Lavton Chiles's decision not to seek reelection may make it hard for the Democrats to keep control of the Senate. Page 6.

GENERAL NEWS  
The FBI is investigating the possibility of a "criminal act" in a jet crash that killed 43. Page 2.  
The effort to end the Cambodia conflict is said to be facing major hurdles. Page 7.  
BUSINESS/FINANCE  
OPEC oil producers are trying to protect their shrinking purchasing power. Page 17.  
Dow close: UP 56.20  
The dollar in New York:  
DM £ Yen FF  
1.6635 1.7995 132.65 5.651

### Senate Girds For Approval Of Treaty

By Susan F. Rasky  
New York Times Service

WASHINGTON — The Senate, that remarkable legislative vehicle built for 100 drivers with no back seat, is revving up to drive toward approval of the arms control treaty that President Ronald Reagan and Mikhail S. Gorbachev signed on Tuesday.

Many senators said in interviews that the approval of the treaty itself was not in doubt, but rather which amendments, reservations, and understandings would be attached.

Preliminary battle lines are being drawn around three major issues: how the treaty will affect the balance of conventional armed forces in Europe; the adequacy of the treaty's verification provisions; and whether approval should be linked to Soviet compliance with previous arms control agreements.

If approved, this would be the first arms accord to win Senate endorsement since the Anti-Ballistic Missile Treaty of 1972. Senator Sam Nunn, chairman of the Armed Services Committee, one of three panels that will hold hearings, noted that the Senate's continuing battle with the Reagan administration over interpretation of the ABM treaty is a key reason that senators in both parties want to scrutinize the new treaty banning medium-range and shorter-range nuclear missiles and to attach their own caveats and understandings to it.

"We are compelled to look at both the treaty and the negotiating record," Mr. Nunn, a Georgia Democrat, said, "because the executive branch has told us, one, that we can't take their word about what a treaty says and, two, that if we think something is important or unclear in the treaty, we have to flag it."

"Under that theory, we have no choice but to offer understandings that would have to be renegotiated."

The jockeying may have less to do with the substance of the current treaty than with concerns about its implications for the substance of an agreement on reducing long-range, or strategic, missiles. Mr. Reagan would like to sign a strategic accord in Moscow next summer.



Mikhail S. Gorbachev and Ronald Reagan shaking hands after signing copies of the treaty eliminating intermediate nuclear forces on Tuesday.

### Greetings at the White House! Excerpts From the Official Remarks

**Reagan**  
General Secretary and Mrs. Gorbachev, I've welcomed a good number of foreign leaders to the White House in these last seven years. And today marks a visit that is perhaps more momentous than many which have preceded it, because it represents a coming together not of allies but of adversaries.

**Gorbachev**  
History has charged the governments of our countries and the two of us, Mr. President, with a solemn duty to justify the hopes of Americans and Soviet people, and of people the world over, to undo the logic of the arms race by working together in good faith. In the world's development, much will depend upon the choice that we are to make, upon what is to triumph: fears and prejudice inherited from the cold war and leading to confrontation, or common sense, which calls for action to ensure the survival of civilization.

### U.S. - Soviet Arms Treaty: What the 2 Sides Agreed To

**Weapons**  
The missiles will be destroyed in a three-year period after the accord takes effect. The United States will destroy 429 intermediate-range missiles already deployed and 260 others not yet deployed; it will also destroy 160 shorter-range weapons not yet deployed. The Soviet Union will eliminate 470 intermediate-range missiles now deployed and 356 others not yet deployed; it will also eliminate 926 shorter-range weapons.

**Verification**  
Within three months after the treaty is ratified, teams of on-site inspectors will visit every missile site listed by each nation in a separate protocol. For six months after the treaty takes effect, each side can get rid of 100 missiles each by launching them, unarmed. The missiles can also be cut up or buried.

### The 3d Summit: Pageantry, Promises and Symbols

By David Hoffman  
Washington Post Service  
WASHINGTON — They had met before with simple handshakes on the cold shores of Lake Geneva and against the grey skies of Iceland, but this time President Ronald Reagan and the Soviet leader, Mikhail S. Gorbachev, opened their summit talks with full pageantry and ambitious vows to end the arms race.

both nations were played by the U.S. Army Band and smoke from the 21-gun salute wafted across the South Lawn.

### Dutch Cancel Plan to Cut NATO Role

Compiled by Our Staff From Dispatches  
THE HAGUE — Prime Minister Ruud Lubbers confirmed Tuesday for the first time that the Netherlands would continue two NATO nuclear missions that it had planned to drop until the U.S.-Soviet arms treaty canceled the deployment of cruise missiles on Dutch soil.

Mr. Lubbers said nuclear-armed F-16 fighter planes and Orion sea patrol aircraft would continue to be based in the Netherlands. The government decided in 1985 to discontinue the missions as part of a political arrangement to win approval for deployment of cruise missiles in the Netherlands in 1988.

The Netherlands has two other NATO nuclear tasks, involving the maintenance of heavy nuclear artillery and Lance missile systems. Asked whether the Netherlands would keep all four nuclear tasks, Mr. Lubbers said, "In fact, yes."

The Dutch decision was an indication that, for many Europeans, the nuclear disarmament process has gone far enough for now. In West Germany, the European nation where most of the North Atlantic Treaty Organization's nuclear weapons are concentrated, Foreign Minister Hans-Dietrich Genscher has urged NATO to follow up the arms treaty with talks on eliminating other U.S. nuclear missiles in Europe, notably the shorter-range "Javelin" systems.

Rejecting this view, other European leaders, including the Christian Democrats in Chancellor Helmut Kohl's coalition government in Bonn, have argued that the treaty should not be allowed to lead to the elimination of all U.S. nuclear missiles from NATO countries.

Instead, they have said, arms control in Europe should now focus on conventional forces. "There are still too many weapons, especially for us in Europe and here in West Germany," Mr. Kohl said Tuesday in a television address. "We want the disarmament process to continue, with the condition that in the final analysis, our security is increased and not diminished."

### Claws of Asia's 4 'Tigers' Slicing U.S. Trade Gains

By John Meehan  
International Herald Tribune  
NEW YORK — The Reagan administration's ability to sustain the kind of improvement in the U.S. trade deficit that cheered financial markets last month is being seriously impaired by a flood of imports from Asia's newly industrialized countries, analysts say.

Until recently Washington has been applying quiet diplomatic pressure on the so-called four little tigers — Hong Kong, Singapore, Taiwan and South Korea — to take measures to redress their trade imbalances with the United States. These small nations now account for 30 percent of U.S. imports and the fastest growing segment of the trade deficit.

A recent study by economists at Morgan Guaranty Trust Co. showed that over the 12 months ended in August, the U.S. trade deficit with these four nations grew by \$8.5 billion, compared with only \$1.2 billion growth in the deficit with Japan. The gap with Western Europe narrowed by \$4.7 billion.

But as financial markets brace themselves for Thursday's U.S. trade figures for October, which some analysts suspect may show poorer results than September's

### More on Summit

■ Demonstrators made their feelings known across from the White House. Page 3.  
■ Reactions abroad included cynicism, anxiety and optimism. Page 4.  
■ Raisa Gorbachev, with few words, heads off on a whirlwind tour of Washington. Page 5.

# FBI Probing 'Criminal Act' in Jet Crash

Compiled by Our Staff From Dispatches  
CAYUCOS, California — The Federal Bureau of Investigation said Tuesday that the crash of a Pacific Southwest Airlines jet appeared to have been caused by "a criminal act."

An ABC News report on Tuesday said that a former USAir employee, gunning for his boss, was among the 43 people aboard.

The pilot of the jet reported that there was gunfire aboard and smoke in the cockpit shortly before it crashed onto a ranch in central California on Monday, killing all 43 aboard, officials and witnesses said.

"At this point it does not appear that it was an accident," Richard Bretzing, head of the FBI office in Los Angeles, said before the ABC report. "It appears at this point — and has yet to be substantiated — that it was a criminal act on board that caused the craft to come down." Mr. Bretzing said agents at the site were looking for a weapon.

ABC News said a former employee of USAir, using his airline

## 4 Chevron Officials Among Victims

SAN FRANCISCO — Four executives of Chevron's domestic oil and gas subsidiary, including its president, were among the victims in Monday's crash of Pacific Southwest Airlines flight 1771, the company said.

Chevron Corp. said the four were James R. Sylla, Chevron U.S.A. president; Owen F. Murphy, Los Angeles regional vice president for general representation; Jocelyn G. Kempe, Ventura and Santa Barbara public affairs manager, and Allen F. Swanson, public affairs manager for Orange, California, and the Arizona area.

badge to avoid security checks, boarded the plane intending to kill the boss who had recently fired him.

The former USAir employee reportedly left behind a suicide note in which he said he would get on the plane with a 44-caliber Magnum and six rounds of ammunition, the network said.

United Press International reported that a spokeswoman for USAir, which merged with PSA at the end of May, said in Washington that the airline could not confirm the report but that the dead in the

crash included a fired USAir employee and his former superior at the time.

A USAir spokesman said the former employee had been fired on Nov. 19 "for misappropriation of funds."

Pieces of the plane were scattered across 20 acres of brush and oak grove on a hillside.

"There's nothing that you would consider identifiable as a human being," a local police official said.

The largest single part found of the four-engine BAE-146 was about two feet (60 centimeters) long.

Crews found the "black box" containing flight data and sent it to Washington.

The flight was en route from Los Angeles to San Francisco. There were 39 passengers and four crew members aboard. The airline initially reported 44 dead, but then said it counted one flight attendant trainee twice.

Gene Katz, who was flying a small plane from Santa Rosa to Los Angeles, reported overhearing the airline pilot talking to air traffic controllers.

He said that the PSA pilot "said he had an emergency, there was gunfire, and he was squawking in seven-seven-zero-zero, which is a special code."

Mr. Katz added, "At that time, the controller said, 'Say again, and the captain confirmed, 'I have an emergency, gunfire,' and that was the last communication."

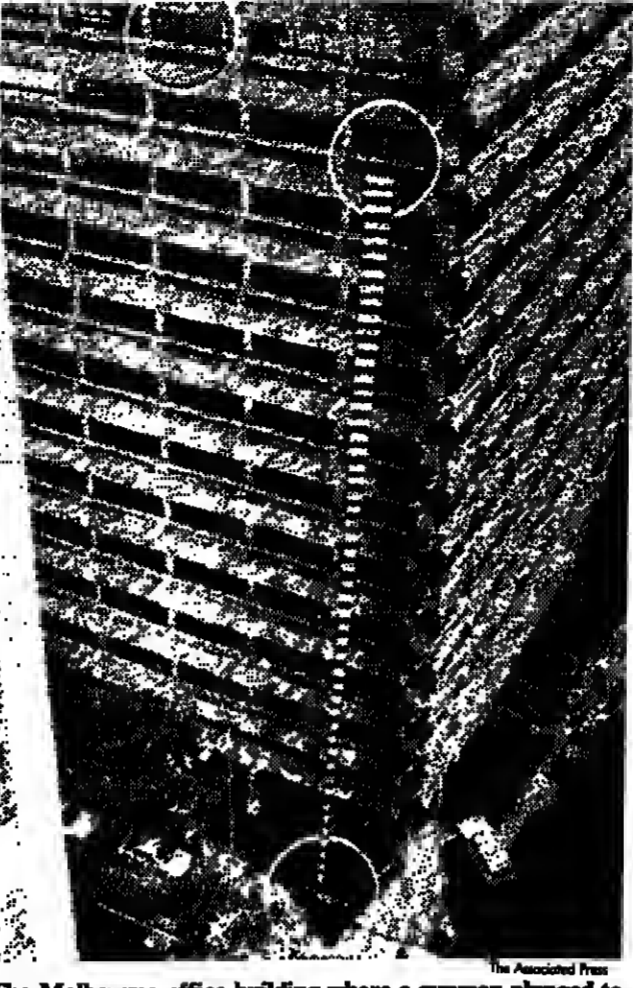
Stephen A. Kronick of Sacramento, a passenger in a chartered plane en route to Paso Robles, said, "We heard the PSA pilot say gunfire aboard. The Oakland terminal tried to call him back, and we didn't hear a response."

The airliner, which seats 85, was sighted burning on its left side over Tempton, about 20 miles from the crash site, shortly after radio and radar contact was lost at an altitude of 22,000 feet (6,700 meters), said another witness.

All airline passengers and carry-on bags are screened for weapons, and the boarding of the jet's passengers had been routine, said an airline spokesman in San Diego. The X-ray and metal-detection equipment at the boarding area were checked by the Federal Aviation Authority and were operating properly, another spokesman said.

The aircraft that crashed was manufactured in 1984. Its engines were recently overhauled.

The pilot, Captain Gregg N. Lindamood, 43, of Julian, had logged 11,000 hours of flying over 14 years with the airline, including 1,500 hours on the BAE-146, the airline said. (AP, UPI, Reuters)



The Melbourne office building where a gunman plunged to his death Tuesday after going on a random shooting spree. The photo indicates his fall and an area of broken windows.

## Gunman in Melbourne Kills 8, Falls to Death

MELBOURNE — A gunman killed eight persons Tuesday in an office building and wounded several others before falling to his death from an 11th-floor window, the police said.

Office workers at the Telecom Credit Cooperative said the gunman ran through the building shooting at random with a high-powered weapon. Five women and three men were killed, a police official said.

No motive was immediately offered. The police withheld the man's identity but said he was 22 years old.

The shooting came four months after a shooting spree in Melbourne left seven persons dead and 18 wounded in what was Australia's worst random slaying. A teen-aged army cadet, Julian Knight, was charged with those killings.

A government official, John Cain, on Tuesday pledged an immediate investigation to prevent similar acts of violence.

Melbourne, a city of 3 million on the southern coast, is Australia's second-largest city.

## WORLD BRIEFS

### South Africa Police Detain Activist

JOHANNESBURG (WP) — South African security police detained without charges a prominent anti-apartheid activist, Eric Molobi, on Tuesday as fears rose among black nationalists that a pre-Christmas crackdown on government opponents was imminent, his attorney said.

Mr. Molobi, one of the few members of national executive committee of the United Democratic Front anti-apartheid coalition who was not in detention, was reportedly arrested as he left the central Johannesburg office of the lawyer, Priscilla Jana. He had been discussing the creation of a trust fund for the recently-released African National Congress chairman, Govan Mbeki, Ms. Jana said.

Ms. Jana said that the police had confirmed to her that Mr. Molobi was being held without charges under emergency regulations. Sources in the United Democratic Front said they feared a new roundup of officials of the organization, which consists of more than 700 anti-apartheid groups.

### Iraq and Iran Claim Strikes in Gulf

NICOSIA (AP) — Iraq said its planes attacked a tanker off Iran's Gulf coast on Tuesday, and Iran said that its ground forces had downed two Iraqi fighters and that its air force had bombed southern Iraq.

Tehran's official Islamic Republic News Agency said that two Iraqi planes were downed on Monday, one with a U.S.-designed Stinger missile. The official Iraqi News Agency quoted an air force spokesman as denying that any Iraqi planes had been lost.

### South Korea Seeks Suspect's Return

BAHRAIN (Reuters) — A South Korean envoy arrived in Bahrain on Tuesday to seek extradition of a woman whom Seoul officials suspect of planting a bomb on a Korean airliner that apparently plunged into the Andaman Sea with 115 people aboard.

The envoy, Park Soo Gil, South Korea's deputy foreign minister, is scheduled to meet with Bahrain officials to discuss the extradition of the Asian woman, who is being held at an island prison off Bahrain.

South Korean officials say they believe that the woman, who swallowed a cyanide capsule after her arrest but survived, is one of two North Korean agents they suspect of planting a bomb on the plane, which vanished on Nov. 29. The woman and the other suspect, an elderly Asian man, were at the Bahrain airport as they tried to leave for Jordan on Dec. 1. The man died after taking cyanide.

### Israel Asks Probe of Lost Nazi Files

UNITED NATIONS, New York (UPI) — Israel called on Tuesday for a "full-scale investigation" by the United Nations into the disappearance of about 400 files from the archives of the UN War Crimes Commission.

An Israeli reporter, Uri Dan, learned of the disappearance of the files on Monday. Mr. Dan is the first journalist to have been admitted to the archives since they were opened to the public last month.

The director of the archives, Alf Erlundsson, said his department found out over the past year, when it began microfilming the files, that 433 of them were missing. He could not say how they may have disappeared.

The Israeli spokesman for the UN mission, Eyal Arad, said, "We expect the United Nations to launch a full-scale investigation into the disappearance of the files."

## 4 Hurt in Bombing at Manila Airport

MANILA — A car bomb exploded Tuesday at Manila international airport injuring at least four persons, in what officials said appeared to be an attempt to disrupt a regional summit meeting set for next week.

A second, smaller explosion in the city's financial district was reported about 30 minutes after the 7 P.M. airport bombing. No one was injured.

Aurelio Germano, an airport manager, said the bomb had been planted in a car parked outside a restaurant near the departure area.

Mr. Germano said he believed the bomb was intended to frighten away participants in next week's summit conference of the Association of South East Asian Nations. Some rightist groups have warned that they will attempt to disrupt the ASEAN meeting to embarrass the government. The organization includes the Philippines, Indonesia, Thailand, Malaysia, Singapore and Brunei.

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### Candidate Murdered

Gunmen killed a candidate in next month's local elections Tuesday in an ambush near Manila, and other men thought to be Communist guerrillas killed a reputed police informer in a Manila suburb, the police said as reported by The Associated Press.

A sketchy police report from Pampanga province identified Tuesday's victim as Pacific Malas, a candidate for mayor in Lu-

bo, 35 miles (55 kilometers) north of Manila.

In the Manila suburb of Cainta, the police reported capturing three men alleged to be Communist assassins shortly after they killed Rene Cayetano and wounded a companion. Both men, shot while walking in a residential area, were described as police informers.

### Philadelphia Prelate Named

VATICAN CITY — Pope John Paul II has named Bishop Anthony J. Bevilacqua of Pittsburgh as archbishop of Philadelphia, the Vatican announced Tuesday. Cardinal John Krol, 77, has resigned as archbishop because of age.

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### Israel Enforces Curfew In Gaza After Murder

TEL AVIV — Israeli troops enforced a curfew on Gaza City for the third consecutive day Tuesday following the killing of a Jewish salesman in the occupied area by Palestinian guerrillas, an Israeli Army spokesman said.

Shlomo Takal, 45, from the Tel Aviv suburb of Bat Yam, died in hospital Sunday a few hours after he was attacked. The national radio said most of the suspects arrested after the killing had been released while a few remained in police custody for questioning.

## After Centuries of Invasion, Afghans Embrace Fighting as a Way of Life

By John Kifner  
New York Times Service

KABUL, Afghanistan — The champ shook out his massive shoulder muscles as the banders stepped back. He glared at his opponent, bounding toward him from the far side of the ring, his breathing already heavy.

Barking, he went for the throat.

There was a hush as more than a thousand men, Afghans with hard, lined faces, leaned forward intently to watch the two betting dogs. Handlers carrying the wreath of flowers that had been draped over the champion scrambled to get out of the way.

The dogfights, accompanied by the exchange of money, are held every Friday — the Moslem Sabbath — in a big field in the center of this dusty capital.

The fighting was more a wrestling match than the fierce combat associated with pit bulls. Rearing on their hind legs, the dogs tried to throw their opponent to the ground. As they fought, their owners and handlers pushed and shouted. The champion soon forced his challenger down and new pairs of canine contestants were matched.

"We also have a very interesting sport in the north of the country — camel fighting," an Afghan spectator said. "Two male camels fight in front of a lady camel."

An Asian diplomat, shaking his head, said: "These people just love fighting. It's impossible to imagine Afghanistan without fighting. When the Soviets came, they were very happy to have somebody else to fight."

Waves of invaders — Greeks under Alexander, nomadic tribes from central Asia, Arabs, Persians, Genghis Khan's Mongols and, later, British and Russians — have swept into these rugged mountains and met implacable resistance.

Rudyard Kipling, Britain's poet of empire, paid a kind of backhanded tribute to the locals' ferocity in the 19th century.

When you're wounded and left on Afghanistan's plains,  
And the women come out to cut up what remains,  
Jest till you're dead and blow out your brains,  
An' go to your Gawd like a soldier.

The Afghans are hardly less harsh on themselves. The country is a patchwork of rival tribes and ethnic groups — the majority Pathans, Tajiks, Uzbeks, Turkomans, Baluchis and an underclass of Shiite Moslems known as Hazaras — united only by their distrust of central government, by their hatred of foreigners and, of course, by Islam.

The blood feud is a way of life. But a French scholar, Olivier Roy, makes the point that it is not a feudal society; it lacks such formal, structured relations of authority. Successive kings, like today's Communist rulers, were unable to im-

pose their will on tribal chiefs and village mullahs.

Neither the Communists nor the Islamic guerrillas, known collectively as mujahidin, or holy warriors, are immune to squabbling. A major reason for the Soviet sweep into Afghanistan at the end of 1979 was factional fighting among Moscow's local proxies, including a gunfight at a party meeting in which Nur Mohammed Taraki, then the party leader, was overthrown by supporters of his rival, Hafizullah Amin, who was later slain by the Russians.

What will happen, a government employee was asked, when the 115,000-odd Soviet soldiers leave? "A bloodbath," he said.

Machine-gun fire began the second day of the Loya Jergah, a traditional gathering of elders — in this case mostly party regulars — that Moscow's current Afghan leader, Major General Najib, who is a former secret police chief, called last month to legitimize his regime.

One of the delegates, who had tried to attend with his customary retinue of armed bodyguards, was the police objected, the gathering opened up. At least eight persons are believed to have been killed.

The national sport of Afghanistan, besides pitting animal against each other, is *buzkashi*, a game in which horsemen try to pick up the headless body of a calf fighting off rival riders who try to grab it away. They race over course and drop it in a goal zone. The game used to be played by the (initially) live body of a captured enemy, and some older are said to regard the substituting of the calf as something on order of the introduction of tur-

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THE WASHINGTON SUMMIT: A Disparate Array of Demonstrators as Historic Talks Begin

Gorbachev's Visit Brings Out Banners

By Bernard Weiraub

WASHINGTON — There were Ukrainian-Americans gripping black balloons as they denounced Mikhail S. Gorbachev. There were conservative women's groups supporting the Strategic Defense Initiative. There were demonstrators seeking less money for missiles and more for AIDS research. There were immigrants from Vietnam, Ethiopia and Afghanistan.

And there was Edwin Wagner, a 35-year-old beeper from New Castle, Delaware, who carried a sign above his bicycle reading: "Dec. 8 — John Lennon Lived and Died for This Day."

"We knew what John Lennon stood for. Give peace a chance," said Mr. Wagner, standing in Lafayette Park, across from the White House. "And that's what's happening Dec. 8. Gorbachev and Reagan are giving peace a chance."

Lafayette Park, the landscaped rectangle facing the White House, was crammed Monday with an array of demonstrators. The largest number, hundreds of Ukrainian-Americans, concluded their protest with a march along 16th Street toward the Soviet Embassy that ended at a police barricade more than a block from the mission.

[Thirty protesters were arrested Tuesday, The Associated Press reported. All were taken into custody peacefully.]

[Fifteen Jewish protesters were arrested for demonstrating within 500 feet (150 meters) of the Soviet Embassy. Fifteen Afghans, who broke off from a larger demonstration, were arrested in Lafayette Park, because they were demonstrating without a permit, the National Park Police said.]

The protests marked the start of demonstrations and vigils that will continue in Lafayette Park and elsewhere until Thursday, the day Mr. Gorbachev is scheduled to leave the United States. At the National Cathedral, hundreds gathered for a prayer vigil for peace that began Sunday with the lighting of an eight-foot candle.

In Lafayette Park, the scene was a bit of a circus. American Buddhist monks in saffron robes sat cross-legged, chanting peace hymns, while Ukrainian demonstrators shrieked that Mr. Gorbachev was an "archdeceiver" and a "butcher."

A dozen representatives of four conservative national women's organizations, who claimed a collective membership of 750,000, began the protests in Lafayette Park in the morning with expressions of support for President Ronald Reagan's space-based missile defense system, called the Strategic Defense Initiative, and some blunt attacks on Mr. Gorbachev. The women carried broken umbrellas without fabric that symbolized, they said, the United States without missile defenses.

"We have no nuclear umbrella, we have no system to save American lives, it's immoral, it's unacceptable, and that's why we need the Strategic Defense Initiative," said Phyllis Schlafly, president of the Eagle Forum.

As she spoke, a woman in a fur hat, Winnie Gallant, who described herself as a member of Lafayette Park's continuing peace vigil, walked in front of a banner next to Mrs. Schlafly and removed her coat and jacket. "Peace is the shield," she said. "You don't need an umbrella." Then she said: "Thirty years ago I would have gone all the way" in disrobing.

In the park, Afghans in native dress marched past, and Vietnamese handed out leaflets denouncing Mr. Gorbachev. Mrs. Schlafly was asked how she felt seeing the United States flag and the Russian flag flutter in front of the White House. "At least the U.S. flag is on top," she said.

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The protests marked the start of demonstrations and vigils that will continue in Lafayette Park and elsewhere until Thursday, the day Mr. Gorbachev is scheduled to leave the United States. At the National Cathedral, hundreds gathered for a prayer vigil for peace that began Sunday with the lighting of an eight-foot candle.

In Lafayette Park, the scene was a bit of a circus. American Buddhist monks in saffron robes sat cross-legged, chanting peace hymns, while Ukrainian demonstrators shrieked that Mr. Gorbachev was an "archdeceiver" and a "butcher."

A dozen representatives of four conservative national women's organizations, who claimed a collective membership of 750,000, began the protests in Lafayette Park in the morning with expressions of support for President Ronald Reagan's space-based missile defense system, called the Strategic Defense Initiative, and some blunt attacks on Mr. Gorbachev. The women carried broken umbrellas without fabric that symbolized, they said, the United States without missile defenses.

"We have no nuclear umbrella, we have no system to save American lives, it's immoral, it's unacceptable, and that's why we need the Strategic Defense Initiative," said Phyllis Schlafly, president of the Eagle Forum.

As she spoke, a woman in a fur hat, Winnie Gallant, who described herself as a member of Lafayette Park's continuing peace vigil, walked in front of a banner next to Mrs. Schlafly and removed her coat and jacket. "Peace is the shield," she said. "You don't need an umbrella." Then she said: "Thirty years ago I would have gone all the way" in disrobing.

In the park, Afghans in native dress marched past, and Vietnamese handed out leaflets denouncing Mr. Gorbachev. Mrs. Schlafly was asked how she felt seeing the United States flag and the Russian flag flutter in front of the White House. "At least the U.S. flag is on top," she said.



NO FAN OF GORBACHEV — A demonstrator in Washington's Lafayette Park holding up a poster protesting the presence of an estimated 115,000 Soviet troops in Afghanistan.

Kremlin to Disband 'Anti-Zion' Panel

New York Times Service

WASHINGTON — The Soviet government is planning to disband its officially sanctioned Anti-Zionist Committee, which has been an irritant in relations between the Kremlin and Jews in Israel and in the United States since it was created more than four years ago, a U.S. official said Monday.

The official, as well as Soviet Jewish émigrés and an American Jewish leader, suggested that the plan was recognition by the Kremlin that the committee was an embarrassment and had failed in its avowed purpose, which was to publicize the Soviet campaign to equate Zionism with racism.

"I don't think it means much," said the official, who spoke on condition of anonymity. "In terms of overt activity of an anti-Semitic nature, they may want to end that. That doesn't mean they won't continue it in a surreptitious fashion."

The official said he was informed of the plan to dissolve the Anti-Zionist Committee of the Soviet Public by its deputy chairman, Samuel Ziv, who is in Washington for the summit meeting between President Ronald Reagan and Mikhail S. Gorbachev, the Soviet leader.

Mr. Ziv declined to publicly confirm or deny the report, but he said "there is a possibility" the committee would be disbanded. "No public organization can last forever," he said.

A Soviet official said plans had been announced in the Soviet Union for a new committee that would focus on a wide range of human rights issues and suggested that the Anti-Zionist Committee could be incorporated into that organization.

"It's not a gesture to anyone," the official said. "The idea is to take a broader approach to all humanitarian problems, to find new ways of doing things."

The Anti-Zionist Committee was formed in April 1983 and is referred to as a "public organization," meaning it purportedly is not a government organ. But the committee held press conferences at Foreign Ministry facilities and published pamphlets, through government-run printing houses, that many Jews considered profoundly anti-Semitic.

Soviet Expert, Assailing U.S. View, Claims Only 200 Await Exit Visas

Reuters

WASHINGTON — A Moscow legal expert said Tuesday that only 200 Soviet citizens were awaiting permission to emigrate, and he accused Americans of a profound misunderstanding of the emigration issue.

Vladimir L. Kudriavtsev said at a meeting of Soviet and American academics at the National Academy of Sciences in Washington that he had recently asked the Soviet Interior Ministry how many people with applications to leave had not received permission.

"I went to the Interior Ministry and was told there were only 200 cases of delayed exit visas," said Mr. Kudriavtsev, a member of the Soviet Academy of Sciences. "Some people got permission half a year ago to leave but they have not left."

"When people give fantastic figures like 4,000 or 40,000 or 400,000, I say these are fantasy and nothing more."

Jewish lobbies in the United States assert that up to 400,000 Soviet Jews would emigrate if given the opportunity.

Mr. Kudriavtsev criticized a demonstration Sunday in Washington by more than 200,000 American Jews and their supporters that was designed to call attention to the issue of Soviet Jewry ahead of the U.S.-Soviet summit meeting.

"That demonstration you had a couple of days ago in Washington — there is some kind of dramatic misunderstanding of the problem," Mr. Kudriavtsev said.

■ Jews Held in Moscow — The police in Moscow detained 14 Jews on Tuesday when they attempted to demonstrate against Soviet emigration policy, a Jewish activist said, according to a Reuters report from the Soviet capital. Two of the protesters were charged with resisting the authorities, the activist said.

David Shwartzman said two protesters, Alexander Feldman and Sergei Mkrchan, were charged before being released with the others. Mr. Shwartzman said the police had picked up the protesters before or as they arrived at Smolensk Square, across from the Soviet Foreign Ministry. The attempt at a protest was the third in three days by Jews who have been refused visas to emigrate to Israel.

Afghan Guerrilla Will Oppose Any Deal on Troop Pullout

The Associated Press

PESHAWAR, Pakistan — An Afghan guerrilla leader has said he will oppose any deal made during the summit meeting in Washington for the withdrawal of Soviet troops from Afghanistan.

Gulbuddin Hekmatyar of the Hezb-i-Islami, one of the seven main Afghan guerrilla groups, said the goal of the anti-communist rebels — an Islamic government — disturbs both Washington and Moscow.

"For this reason Reagan and Gorbachev are trying to establish a third government, a non-Islamic government inside Afghanistan," he said at a Peshawar rally on Monday.

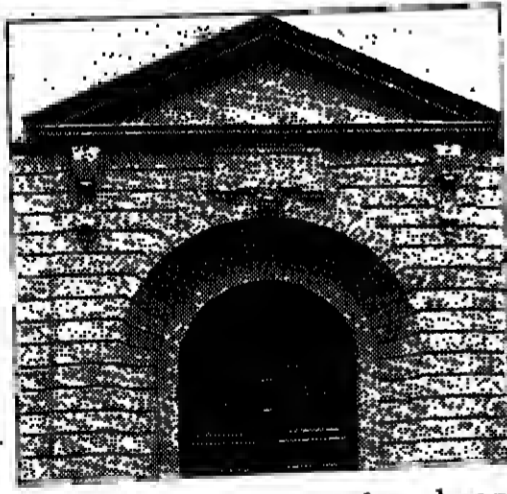
There was no immediate reaction from the six other Afghan leaders of the Peshawar-based Alliance of Resistance.

Mr. Hekmatyar was speaking at a noisy rally attended by an estimated 5,000 people at Eid Gah mosque in Peshawar.

Apparently alluding to the United States, he said, "We will let no one speak on our behalf to the Russians. We are responsible as a nation and we will decide the government we want." He said it is up to the Russians and the Mujahidin resistance fighters.

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THE WASHINGTON SUMMIT: Moscow Crowds Watch Highlights of Signing Ceremony via Satellite



Mikhail S. Gorbachev and Ronald Reagan matching smiles on Tuesday at the White House.

Abroad: Anxiety, Cynicism and Optimism Mingle

By Barry James
International Herald Tribune
Crowds packed into a Moscow avenue Tuesday night to watch highlights of the U.S.-Soviet summit meeting on a giant outdoor screen. The pope prayed for the meeting, and residents near a Sicilian missile base celebrated the impending departure of 112 NATO cruise missiles.
The Paris newspaper Liberation lapsed into François to hail "Le New Deal" between the superpowers.
After signing a landmark treaty eliminating a whole class of nuclear weapons for the first time since the dawn of the atomic age, Mikhail S. Gorbachev addressed his countrymen directly by television. People gathered in sub-freezing weather on the slushy sidewalk of Kalinin Prospekt near the Kremlin to watch the signing ceremony and the speech on a billboard-sized screen. Cars slowed or halted.
Earlier, people stood in front of the screen and crowded into television stores to watch Mr. Gorbachev and President Ronald Reagan exchange speeches on the White House lawn in a rare live broadcast from abroad.
The summit dominated the news everywhere, particularly in Western Europe. "The signing of the Treaty will end a discussion that

has concerned the Western alliance for the last 10 years," the conservative Frankfurter Allgemeine Zeitung newspaper said in West Germany.
Prime Minister Margaret Thatcher of Britain "had her special relationship to keep her warm" following Mr. Gorbachev's stop-over in Britain on Monday, said the London newspaper The Independent. She took some credit for the treaty, telling Parliament "but for the firmness of this country and NATO, this agreement would never have been signed." But other Europeans apparently felt they had

been left in the cold, according to some editorialists.
The conservative Paris newspaper Le Figaro published a cartoon showing Mr. Gorbachev and President Reagan stripping the lingerie from a coy-looking maiden identified as Europe. The cartoon was headed "Washington Circus."
For the Asahi Evening News of Tokyo, the summit meeting combined "high hopes" with "anxiety" about the future course of disarmament. But the newspaper added, "It is heartening to see this sort of common sense being reflected in the superpower accord to abolish intermediate-range nuclear forces. And even though these missile systems form only a small part of the world's nuclear arsenal, the accord still rates as one of the most significant in the history of disarmament."
Not all the reaction was so enthusiastic. The Chinese news agency Xinhua said the summit was "a new round of haggling between rival superpowers," and the Kenya Times said, "What the world clamors for is peace, not spectacular stage-managed shows."
The Times of London warned against the "rise of hyperbole" surrounding the signing of the INF treaty and said in an editorial: "More than 95 percent of the nuclear weapons now in place will

remain in place, and the East-West imbalance in conventional weapons in Europe will stand out even more starkly than before."
In Cairo, Salah Montasser, a columnist for Egypt's main daily paper, Al-Ahram, said Mr. Gorbachev should get the Nobel Peace Prize but not Mr. Reagan.
Mr. Reagan was "the last man to think of peace," said Mr. Montasser, citing the invasion of Grenada, the bombing of Libya and the sale of arms to Iran. But he added that the agreement would help Mr. Reagan "sail through the remaining year of his presidency and to enter the museum of history."
In St. Peter's Square, Pope John Paul II led prayers he said were "particularly fervent and insistent" for the success of the summit. Even in Tehran, where the United States

is usually referred to as "the Great Satan," the speaker of the parliament, Hashemi Rafsanjani, called the treaty signing "a positive development."
Residents at Comiso in Sicily hailed the INF agreement and said the cruise missiles and American crews stationed on their doorstep had never brought the prosperity they had hoped for. Peace movement campaigners popped champagne corks outside the Soviet and American embassies in London and demonstrated outside the Woensdrecht Air Force base in the Netherlands.
In Spain, pacifists and a movement seeking the withdrawal of American forces gave two cheers for the INF accord, and released 200 doves — grey, not white, to match their cautious hopes.

REAGAN: Words of Welcome

(Continued from Page 1)
direction is within our power. However, such change is not easy and can be accomplished only when leaders of both sides have no illusions, talk with candor, and meet differences head-on.
On the table will be not only arms reduction but also human rights issues about which the American people and their government are deeply committed. These are fundamental issues of political reality that touch on the most basic of human concerns.
I would hope we will also candidly discuss regional conflicts. The parties to these conflicts should negotiate solutions that restore the peace and advance the rights and freedom of the peoples involved. We cannot afford to view these as far-away brush fires. Even small flames risk larger conflagrations and undermine positive developments between our two countries.
Americans believe people should be able to disagree and still respect one another, still live in peace with one another — that is the spirit, the democratic spirit, that I will bring to our meetings.
So, on behalf of myself and Mr. Reagan, and on behalf of all the citizens of the United States, General-Secretary Gorbachev, Mr. Gorbachev, welcome.
The Associated Press

GORBACHEV: View of History

(Continued from Page 1)
Soviet foreign policy today is most intimately linked with perestroika, the domestic restructuring of Soviet society. The Soviet people have boldly taken the path of radical reform and development in all spheres — economic, social, political, and intellectual.
Democratization and glasnost are the decisive prerequisites for the success of these reforms.
Mr. President, ladies and gentlemen, may I express the hope that the Soviet Union and the United States, working together with all nations, will take their place in the history of the outgoing 20th century not only as allies in the battle against Nazism but also as nations that have paved mankind's way to a safe world, free from the threat of nuclear annihilation.
On behalf of the Soviet people, I declare that we are prepared to go all the way along our part of the road with the sincerity and responsibility that befit a great and powerful power. Thank you.
The Associated Press

SUMMIT: Leaders Sign INF Pact

(Continued from Page 1)
U.S. agenda, which includes human rights, U.S.-Soviet questions and regional conflicts.
Of the regional conflicts, which include Afghanistan, the Gulf, southern Africa, Cambodia and Central America, Mr. Reagan said: "We cannot afford to view these as far away brush fires. Even small flames risk larger conflagrations and undermine positive developments between our two countries."
Mr. Gorbachev, in a similar vein, said that "history is reminding us both of our opportunities and of our responsibility."
For his part, he declared on behalf of the Soviet people that "we are prepared to go all the way along our part of the road with the sincerity and responsibility that befit a great and powerful power."
As did Mr. Reagan, Mr. Gorbachev spoke of the wide and intense differences between the two governments and their societies. Mr. Gorbachev added, however, that "the wisdom of politics today lies in not using those differences as a pretext for confrontation, enmity and the arms race."
In addition to foreign policy, Mr. Gorbachev used the occasion of the arrival ceremony, broadcast widely throughout the world, to speak of his hopes for perestroika, or the domestic restructuring of Soviet society, and of his internal policies of glasnost, or openness.
Calling the changes that he is introducing irreversible, Mr. Gorbachev linked his domestic policies to the need for international tranquility, saying that "in charting these ambitious plans the Soviet people have a vital stake in preserving and strengthening peace everywhere."
The remarks and a military review completed, the two leaders turned around to the applause of several hundred invited spectators and the blare of trumpets and walked into the White House to begin their talks.
Although the treaty eliminates no more than 7 percent of the superpowers' nuclear warheads, it could provide a model for a more complex and critical agreement on strategic nuclear weapons, proponents say.
It requires the two nations actually to destroy some existing missiles.
For the first time, it permits inspectors from both sides to monitor the destruction of weapons and to set up checkpoints at missile production plants, to make sure there is no cheating.
It requires both sides to provide more detail than ever before on production, deployment and location of specific missile systems.

SCENE: Pageantry and Promises

(Continued from Page 1)
tical to the ones worn by the president — which portray the prophet Isaiah beating swords into plowshares. Mr. Fitzwater said Mr. Reagan expressed hope that the symbolism would apply to the summit talks.
As he has before, Mr. Gorbachev looked intently at the Western correspondents who questioned him during the photo session and answered them at some length. He said "I have heard some new words in the president's welcoming remarks, and I welcome this."
The two leaders met for 33 minutes alone, accompanied only by note-takers and interpreters. They then called in their top lieutenants who had been waiting nearby in the cabinet room. Mr. Reagan told aides later the first meeting had "no blemishes."
Later, the two leaders walked together down a red-carpeted foyer to the East Room of the White House to sign the INF agreement. The ceremony was celebratory. Mr. Reagan repeated the Russian saying "trust but verify" and Mr. Gorbachev retorted, "You repeat that at every meeting!"
The audience broke into laughter. "I like it," Mr. Reagan said.

We bring back fond memories.



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THE WASHINGTON SUMMIT: Nancy Reagan Receives Raisa Gorbachev at the White House



Flanked by their husbands, Nancy Reagan and Raisa Gorbachev shake hands at the White House on Tuesday.

Raisa's Day: A Breathless Race By Washington's Landmarks

By Elizabeth Kastor Washington Post Service WASHINGTON — The collected public remarks of Raisa Gorbachev for Dec. 8, 1987, consist of the following statements made on the steps of the Lincoln Memorial:
• Answering requests for a few words: "I've got too little time."
• Answering queries of how she liked the United States: "Oh, it's lovely!"
• Commenting on what she would like to see on her visit: "All of Washington."

the Soviet ambassador to the United States. Over the next 20 minutes, they had a wide-ranging discussion of the history of Washington, the history of Russia (Eileen Crispin, her press secretary, said Mrs. Reagan found this very interesting), the weather, and where Mrs. Gorbachev should go on her trip through the city with Mrs. Shultz.
Mrs. Crispin also said both women expressed "hopes for peace in their countries and the world." The two later had an opportunity to continue the discussion when they met while their husbands signed the intermediate-range missile accord in their motorcade and proceeded to see not all but some of Washington at a pace definitely surpassing the speed of effective tourism.
Her day began with the arrival ceremony at the White House, where journalists attempted to gauge the relative warmth of her relationship with Nancy Reagan — who was upset by Mrs. Gorbachev's tardiness in responding to her invitation to tea and has reportedly found Mrs. Gorbachev uninterested in talking about drug abuse and children. The chief measure of the relationship was the distance between the two women, both clad in fur, as they listened to their husbands speak.
The two then adjourned to the White House's Green Room, where they indulged in tea, coffee, orange juice and very small pastries along with Barbara Bush, wife of Vice President George Bush; Helma Shultz; Rebecca Matlock, wife of Jack F. Matlock Jr., the U.S. ambassador to Moscow; and Lianna Dubinin, wife of Yuri V. Dubinin, and other social engagements," he said.
Asked if she will go shopping, as she did on her first trip to Britain, Mr. Gerasimov said: "It's out on the program. Her program is so tight, she will have no time."
But there was talk of visits to a shopping mall and the fashionable Neiman-Marcus department store, but in the end Mrs. Gorbachev spent her few free moments speeding past Washington landmarks while disappointed Raisa-watchers stared as the Z1 limousine vanished into the distance.
She made a brief stop at the Jefferson Memorial, where she and Mrs. Shultz remained at the bottom of the steps, far from the statue and the press corps waiting at the top of the steps.
To urging from reporters, Mrs. Gorbachev made her few comments, leading reporters who remembered a more voluble woman from last year's Iceland summit meeting to speculate that perhaps negative reaction to her visibility in her own country was having its effect.
At the Albert Einstein statue on the grounds of the National Academy of Sciences, a score of journalists awaited her promised arrival. Soviet and U.S. scientists meeting inside emerged coolless on short notice and waited with the rest while a few of the men in trench coats surveyed the scene.
They got cold. They went back inside. Then they came out again. Sirens were heard. Cameras were readied. The White House advance man was prepared. Black car after black car appeared. There! There! A woman in a fur coat!

Mingle... ds of Welcome...

SUMMIT BRIEFS

South African Paper Warns Reagan

CAPE TOWN (Reuters) — The newspaper closest to the South African government has warned President Ronald Reagan in an unusually disparaging editorial against making a deal with the Soviet Union on Angola, where about 35,000 Cuban troops are supporting the Marxist government.
The paper, Die Burger, said Monday that Mr. Reagan had promised to raise the question of Soviet involvement in Angola at his summit talks with the Soviet leader, Mikhail S. Gorbachev.
It warned the leaders that "as previous attempts have shown," any agreement on southern Africa that does not take account of South Africa's prominence as a regional power, as well as of its vested interests, has scant chance of success. The editorial added that it would be dangerous for South Africans "to rely too much on the renewed anti-Communist resolution of President Reagan. Especially when, as now, the United States' own interests are at stake."

Pravda Says Soviet-U.K. Ties Improve

MOSCOW (Reuters) — Pravda, the Soviet Communist Party daily, said Tuesday that Soviet-British relations had improved, and it praised Prime Minister Margaret Thatcher of Britain.
On its front page, the newspaper carried a picture of Mrs. Thatcher with Mikhail S. Gorbachev, the Soviet leader, during his stopover Monday in Britain on his way to Washington for the U.S.-Soviet summit meeting.
The report said Mr. Gorbachev's talks with Mrs. Thatcher had been conducted "in the usual frank, friendly and open manner," and noted that relations between the two countries had improved in recent years. "In this process," Pravda said, "considerable value and importance is attributable to the constructive position taken by Margaret Thatcher all these years, despite the natural differences existing between our states."

At Dinner, Stars but No Ex-Presidents

WASHINGTON (UPI) — Stars from Hollywood and the worlds of music and sports were on the guest list for the White House state dinner Tuesday night for Mikhail S. Gorbachev and his wife, Raisa. Notably absent were the three living former U.S. presidents: Richard M. Nixon, Gerald R. Ford and Jimmy Carter.
The 126 guests invited included the actors Jimmy Stewart and Claudette Colbert, the musicians Mstislav Rostropovich and Zubin Mehta, the athletes Chris Evert and Mary Lou Retton, and the evangelist Billy Graham. Van Cliburn, who in 1958 became the first American to win the Tchaikovsky piano competition in Moscow, was to play after dinner.
In a departure from tradition, because of the history-making nature of the event, a White House official noted that President Ronald Reagan and his wife, Nancy, would attend a dinner given Wednesday night by the Gorbachevs at the Soviet Embassy. Ordinarily Vice President George Bush would attend such a dinner.

For the Record

Prime Minister Noboru Takeshita of Japan said Tuesday in Tokyo that he welcomed the U.S.-Soviet arms agreement, adding that he hoped the superpowers also would make progress toward the reduction of strategic nuclear weapons.
Foreign Minister Alois Mock of Austria welcomed the U.S.-Soviet nuclear missile treaty on Tuesday as a political signal for further disarmament in the areas of conventional and chemical weapons.
Mikhail S. Gorbachev topped President Ronald Reagan in popularity among West Europeans questioned in an NBC News poll on the eve of the summit meeting, the network said Monday. It did not say how many people in Britain, France and West Germany were polled.

SENATE: Pact Approval Expected

(Continued from Page 1)
Senator Bob Dole, is trying to remain uncommitted as long as possible, a tactic that makes him a prime target for the conservative Republicans who oppose the agreement.
One conservative said of Mr. Dole: "He needs to know that if he opposes the treaty even a little bit he will maintain the support he has courted. If he cuts a deal with the administration, not only will he lose the conservatives, but he will not gain anybody from Bush."
So far, only three Republican senators — Jesse Helms of North Carolina, Steven D. Symms of Idaho, and Larry Pressler of South Dakota — have indicated that they are likely to oppose the treaty.
But strategists are hoping to exploit the concerns of more moderate senators to prolong the approval process.
"our game is delay it and keep it from coming to the floor for a vote, as we did with SALT-2," said one, referring to the 1979 strategic arms treaty, which was stalled for more than four months in the Foreign Relations Committee.
Although many of its provisions and the verification details have been disclosed, senators will not see the final text until later this week. Hearings in the Foreign Relations, Armed Services, and Intelligence Committees will not begin until mid-January.
While 67 votes are required to approve the treaty, only 51 are needed to amend it. Mr. Cranston estimated that 10 to 20 senators might vote against it and 50 seemed inclined to vote for it.
The State Department, which is consulting with senators who expect to offer amendments or reservations, has set up a team to keep track of potential amendments that fall into the killer category.

200 in Madrid Celebrate Pact

MADRID — An estimated 200 pacifists gathered in the Spanish capital Tuesday to celebrate the signing in Washington of the U.S.-Soviet accord to eliminate intermediate-range nuclear missiles.

ALLIES: Dutch Decision

(Continued from Page 1)
missiles as "the most stringent in history."
Foreign Minister Joe Clark of Canada, visiting Oslo, rejected fears by Norway that the treaty might be followed by a buildup of sea- and airborne nuclear missiles on NATO's northern flank.
"I don't think the INF pact creates a particular vulnerability on the northern flank," he said. But it is possible, he added, that Canada may have to consider building up or modernizing its 85,000-member armed forces.
President François Mitterrand of France, whose nuclear strike force is not affected by the treaty, urged the superpowers to prevent an arms race in space.
"The strings of satellites around and above our heads, passing their time watching what you do in the garden, are the danger," he said in a speech. "If we do not disarm, then we must arm in this fashion, and it will ruin us."
Prime Minister Jacques Chirac of France said the treaty will be positive "if it is followed by other agreements that permit strengthening of security of the world and of Europe."
A treaty limiting strategic, or long-range, weapons, "that, yes, would be historic," Mr. Chirac said in a television interview.



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AMERICAN TOPICS



PIZZA TO GO, TO MOSCOW — Louis Piancone Sr. standing in front of an oven-equipped pizza van that will be sent from New Jersey to the Soviet Union in January.

Retirees Resetting In College Towns

Retired people in the United States are beginning to bypass retirement villages or Sun Belt resorts in favor of taking up residence in college towns where, The New York Times notes, "the life is full and bustling is often reasonably priced."

er bousing than the places they leave, as well as stable, middle-class populations and low crime rates. Many have excellent hospitals affiliated with the local medical schools, a matter of particular importance to the elderly.

But the retirees have driven up housing prices. "We welcome them all," said James O. Freedman, president of Dartmouth College in Hanover, New Hampshire, "but they have made it all but impossible for junior faculty to find affordable housing near campus."

Short Takes

The New York City Landmarks Preservation Commission has been moving rapidly to protect the theater district, which is growing more hospitable to 40-story office towers than 1,000-seat playhouses. A month ago, six Broadway theaters had landmark status. Now that figure is 21 and climbing. The designation means a building may neither be torn down nor substantially altered unless the owner can prove economic hardship.

Not all theater owners are happy about their landmark status, although in general they can sell "air rights," the unused development potential represented by their buildings, to developers of adjacent properties.

Christopher Aaron had his picture taken standing in front of marijuana plants on his property near Walled Lake, Michigan. The drugstore where he took the film to be processed notified the police. Mr. Aaron, 28, his girlfriend and four neighbors were arrested after state troopers found about 80 pounds (36 kilograms) of marijuana in garden patches near their two houses.

Shorter Takes: Firefighters in Rowland Heights, California, returning from a blaze, found that an electric stove had been left on and had set fire to their firehouse. Damage was estimated at \$250,000. Lord, a German Shepherd who worked with the Shreveport, Louisiana, police, has been laid off because he suffers from claustrophobia. "He did real well outside," a spokeswoman said, "but in a small place he just couldn't work."

At Northwest, a Foot Is as Good as a Mile

Northwest Airlines mechanics at Detroit Metropolitan Airport have been told to push passenger planes that are loaded and ready for departure a foot (30 centimeters) or more away from the gate, technically increasing on-time performance. In October, the federal government ranked Northwest's departure performance as among the worst in the United States. "This will get us on-time departures," a company memo said. A company spokesman declined to say whether the rule was in force at other Northwest terminals. "This is an effort by Northwest to make its on-time performance look good," said Con Hitchcock, an associate of Ralph Nader, the consumer advocate. "They can say they left the gate on time, but couldn't get off the ground."

Managua Seizes U.S. Pilot Tied to Contras

United Press International MANAGUA — Nicaraguan forces shot down a small plane near the Costa Rican border and captured an American pilot linked to the U.S.-backed rebels, the Defense Ministry said Tuesday. The ministry said the Cessna-172 was hit Sunday night near San Juan del Norte, about 200 miles (about 320 kilometers) southeast of Managua along the Caribbean coast and next to the border of Costa Rica. The gas tank was pierced, it said, and the plane was forced to land and the pilot was captured. Radio Sandino identified the pilot as James Jordan Denby of Illinois. Relatives in Illinois confirmed that Mr. Denby is a farmer from Carlinville.

Mr. Denby, in an interview in June with the Springfield State Journal-Register, said he was part of a network of private U.S. citizens who for years helped carry out the Reagan administration's Central American policy. "None of this was secret," Mr. Denby said. "It was common knowledge." In the interview, Mr. Denby said his 700-acre (about 285-hectare) farm in Costa Rica near the Nicaraguan border has at times been home to hundreds of Nicaraguan rebels commonly known as contras. Radio Sandino quoted the Defense Ministry as saying that Mr. Denby would be presented to the media later, an indication that he was not seriously injured. He was alone when the plane was shot down, officials said. A U.S. Embassy official said the ministry had confirmed it was holding an American. He said the embassy was "in the process of seeking access" to the captured pilot. In the June interview, Mr. Denby said he airlifted military supplies to the contras and used his airplane to rush wounded rebels to Costa Rican hospitals. He said he knows contra leaders and U.S. intelligence operatives. Mr. Denby also said he was a friend of John Hull, a wealthy American rancher in Costa Rica who was mentioned in the Iran-contra hearings as having cooperated closely with Reagan administration officials aiding the rebels. La Voz de Nicaragua, the government radio station, said Mr. Denby had flown "many missions" into Nicaragua and was flying on the same route as that used to drop supplies to contra units inside Nicaragua. The radio did not cite its source for the information but said the route originated in El Salvador, crossed Honduras and Nicaragua, and ended in Costa Rica.

Another American, Eugene Hasefus, 45, of Marinette, Wisconsin, was captured and convicted by the Sandinist government last year after a rebel supply plane was shot down by Sandinist troops. Testimony by Mr. Hasefus and documents captured from the C-123 cargo plane, which was downed Oct. 5 last year, revealed a complicated clandestine supply network for the rebels allegedly set up by the Central Intelligence Agency, with safe houses in El Salvador, several aircraft and several dozen employees, including pilots. He was later pardoned and returned to the United States. "He was on his way to Costa Rica."

Carlos Guadamus, director of Voz de Nicaragua, said some of the documents captured from Mr. Denby, 57, linked him to U.S. congressmen involved in supporting the contras, who are fighting to overthrow the Sandinists. In Carlinville, halfway between St. Louis and Springfield, Illinois, a woman who answered the phone at the Denby residence said the pilot was her husband. "All I know is what I saw on TV," she said, refusing to give her first name. Asked where her husband was going and what he was doing, she said, "He was on his way to Costa Rica."

Florida Senator's Decision Not to Run Could Threaten Democrats' Majority

New York Times Service WASHINGTON — The decision by Senator Lawton Chiles of Florida, a three-term Democrat, to pull out of his race for re-election next year could make it more difficult for his party to retain its narrow hold on control of the U.S. Senate. His announcement Monday, yet another signal that the Senate is becoming a less popular place to work, throws the Florida Senate race wide open. In the announcement, which surprised his colleagues in Washington and his supporters in Florida, Mr. Chiles cited a loss of enthusiasm for the Senate. Mr. Chiles, who is chairman of the Budget Committee, is the sixth incumbent to announce his retirement this year. Half of them have cited the frustrations of working in the Senate. Senators complain of rules that make it hard to get anything done and work that plays havoc with members' private lives. Mr. Chiles, according to aides, was especially worn down by the recent budget negotiations with the White House, which produced a smaller deficit-reducing package than he had wanted. Mr. Chiles, 57, already had announced his plans to seek re-election, had raised \$1.3 million and was favored to win. He had begun a walking tour of Florida, the trademark of his three previous campaigns. He said he began to doubt his decision during the Thanksgiving recess and made his decision on Sunday. "There was just a different feeling out there when I walked this time," he said. "I wasn't looking forward to another six years in the Senate. What that inner voice told me was, it was time to serve out those 18 years and move over to let someone with the enthusiasm and zeal take over."

When asked if the negotiations on the budget compromise played a role, Mr. Chiles said: "It was a horrendous year. Maybe I put more on my plate to start with than I should have."

The Democrats control the Senate, 55-45. The Chiles announcement means three Democrats and three Republicans will retire after next year's elections. But Mr. Chiles' seat was considered relatively safe, and now Florida Republicans will have a better shot at it. One Republican, Representative Connie Mack 3d, already had announced he was running for the seat. But Mr. Chiles' withdrawal may draw others into the race.

Of all the Credit Cards, UNICEF Offers the Only Card that Gives all the Credit to Children.

Image of UNICEF credit cards and a child. Text: Since 1946 Unicef has been dedicated to helping the children of the world, first in war-devastated Europe, and now throughout the world in areas where children suffer most. Every year more children die or become crippled for life from causes that are today preventable. Unicef calls this sad problem the 'silent emergency'. Fighting the silent emergency is an enormous task, but there is a way you can directly contribute and make a difference for the children who need help most: buy Unicef Greeting Cards this holiday season. Unicef Greeting Cards benefit from very low production costs because the designs are donated free of charge and the sales force is voluntary — leaving a big net profit for the children. One box of cards purchased by you can make a big difference. For instance, one card can provide enough money to give four children Oral Rethydration Salts to protect them from death by dehydration caused by diarrhoea. Fifty cards fund enough vaccine to protect 300 children from serious diseases. And besides their very tangible benefits to the children, Unicef Greeting Cards are always appreciated by friends for their high quality and distinctive designs. So this Christmas give the card that credits everyone — you, your friends and most importantly the children. Your contribution will provide them not just with a food parcel for the day, but a survival kit for many years.

Children Count on Us. Can We Count on You? unicef United Nations Children's Fund

NBC Plans to Stay At New York Site. NEW YORK — New York City officials and NBC announced Tuesday that they had reached agreement on a plan to keep the network in Rockefeller Center, its Manhattan headquarters for more than 50 years. The plan, subject to approval by a city agency, includes a tax break that will save the network at least \$72 million in real-estate taxes over 35 years and provide it with \$800 million in partly tax-exempt bonds. It would also freeze land taxes, forgive part of the commercial rent tax and free NBC from paying city sales taxes on at least \$1.1 billion in new machinery and equipment it needs to update production operations at 30 Rockefeller Plaza. Less expensive real estate and lower taxes outside of New York City had been a lure to NBC — and a challenge to Mayor Edward I. Koch. The mayor has seen a number of large companies leave New York this year, and he had made clear that he did not want NBC, a subsidiary of General Electric, to join them.

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Way Envisaged to Keep Herpes Inert. By Boyce Rensberger. WASHINGTON — The discovery by medical researchers of an important clue to why herpes infections stay dormant most of the time suggests it may be possible to develop a vaccine to prevent new infections and to make existing ones permanently dormant. There is no known cure for the herpes virus; once infected, a person retains the virus for life with recurring outbreaks. The research, done at the National Institute of Allergy and Infectious Diseases in Bethesda, Maryland, was published in last week's New England Journal of Medicine. The ability of the herpes virus to lie dormant for long periods and then flare up again, a phenomenon common to some other viruses, has long puzzled virologists. It is known that some of the viruses in herpes

AIDS Kills Canadian Acupuncture Patient. BEIJING — A Canadian who died of AIDS after recently returning home from Beijing appeared to have caught the disease as a result of acupuncture treatment 20 months before, the Canadian Embassy said Tuesday. In a circular distributed to Canadian citizens in the Chinese capital, the embassy cited the case to warn of the dangers of acupuncture in places where the sterility of the procedure was not assured. It quoted the Canadian government health authority as saying that the victim, whom it did not name, was not in any of the known high risk groups for Acquired Immune Deficiency Syndrome. "Although we cannot be absolutely sure about the exact source of the infection," it said, "circumstantial evidence tends to implicate acupuncture procedure undertaken about 20 months before."

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Various small advertisements and notices on the far right edge of the page, including 'Widens Controls Malaysia' and 'MUNICH - WELCOME ESCORT SERVICE'.

# Effort to End Cambodia War Appears to Face Big Hurdles

By Michael Richardson  
International Herald Tribune

SINGAPORE — Playing down the optimism surrounding recent Cambodian peace talks in France, diplomats and other specialists on Asia said Tuesday that attempts to settle the guerrilla war in Cambodia faced obstacles similar to those that have impeded efforts to end the fighting in Afghanistan.

"The real crunch will come in the next round of talks," said Mohammad Ayub, research fellow at the Institute of Southeast Asian Studies in Singapore. Those talks, he said, which are due to start in January, will have to deal with the timing and conditions for withdrawing Vietnamese forces from Cambodia.

They will also have to deal with future political arrangements in the country, including power sharing between rival Communist and non-Communist factions in a coalition government.

In an interview, Mr. Ayub, a specialist on regional security, said, "As we have seen in Afghanistan, major difficulties have arisen over timing and terms for a pullout of Soviet troops and the kind of national reconciliation government to be set up in Kabul."

In an effort to end the long-running Cambodian conflict, Prince Norodom Sihanouk, a former ruler of the country, held three days of formal talks last week at the village of Fernex-Tardieu, outside Paris, with Hun Sen, prime minister of the Phnom Penh government.

Prince Sihanouk and Mr. Hun Sen agreed to some general principles and a broad framework for a settlement, but their joint communiqué said nothing about political arrangements or a Vietnamese withdrawal.

The government in Phnom Penh was set up after Vietnamese forces entered Cambodia in December 1978 and drove out the Khmer Rouge regime. Hanoi said the Khmer Rouge, acting as an agent of China, had repeatedly attacked Vietnamese territory and was responsible for the deaths of hundreds of thousands of Cambodians.

Prince Sihanouk took a leave of absence in May from his post as president of the anti-Vietnamese rebel coalition after accusing the Khmer Rouge of human rights violations and of killing some of his guerrillas in Cambodia.

Diplomats said Tuesday that reservations about the talks in France by leaders of the Khmer Rouge and its chief patron, China, would have to be overcome before the way would be open for an overall settlement.

Analysts said big-power rivalry and maneuvering complicated prospects for a Cambodian settlement. Last Friday, Deng Xiaoping, China's elder statesman, rejected an offer by Mikhail S. Gorbachev, the Soviet leader, for a summit meeting.

Quoted by the Xinhua press agency, Mr. Deng repeated China's position that before a Chinese-Soviet meeting could be held, Moscow must urge Vietnam to withdraw its forces from Cambodia.

Referring to extensive economic and military aid given by Moscow, Mr. Deng said that "without Soviet assistance, Vietnam could not fight a single day" in Cambodia.

The United States has also been pressing Moscow to end support for the Vietnamese occupation of Cambodia. President Ronald Reagan said he would raise the issue with Mr. Gorbachev in their talks this week as well as the Afghan conflict and other regional conflicts involving the Soviet Union.

Michael Leiter, reader in inter-

national relations at the London School of Economics and Political Science, said Tuesday by telephone that Moscow was not happy about the financial or political costs of the Cambodian conflict.

The Soviet Union, he said, wants a settlement to improve relations with China and non-Communist countries in Southeast Asia.

But diplomats said Moscow had so far promoted settlements in Afghanistan and Cambodia that would give only token participation to opponents in ruling Communist-controlled governments in Kabul and Phnom Penh.

Mr. Ayub said Moscow wanted to "defuse the problems it faces in Afghanistan and Cambodia without giving up what it sees as vital interests of the Soviet Union and its allies."

Analysts said Vietnam had insisted that any Cambodian settlement contain guarantees ensuring the survival of the Phnom Penh government in a dominant position and preventing the Khmer Rouge from recapturing power.

The Phnom Penh government said in October that it was prepared to meet its rivals for talks and that only a handful of the most notorious Khmer Rouge leaders would be excluded.

Diplomats said the Khmer Rouge and the Khmer People's National Liberation Front, another faction in the Cambodian rebel coalition, would have to be persuaded to join the next round of discussions, which are due to be held in France in January, before a real negotiating process could begin.

But Son Samn, leader of the front and prime minister of the rebel coalition, appeared reluctant to join the talks. He said in Paris on Saturday that the rebels should take advantage of Vietnam's economic difficulties by continuing to fight for a complete withdrawal of its troops. Western officials esti-

mate that there are more than 100,000 Vietnamese soldiers in Cambodia.

The Khmer Rouge fields the strongest army in the Cambodian rebel coalition. It has not commented publicly on the outcome of the Sihanouk-Hun Sen talks but said in October that Vietnam, not the regime in Phnom Penh, should negotiate with the rebels.

China said Monday that it respected and supported Prince Sihanouk's efforts to seek a political settlement in Cambodia.

But the statement by the Foreign Ministry in Beijing also said that "the key" to a settlement was the withdrawal of Vietnamese troops from Cambodia at the earliest date.

Sukhumbhand Paribatra, director of the Southeast Asian Security Studies Program at Chulalongkorn University in Bangkok, said China could sabotage any Cambodian settlement it disapproves of by continuing to funnel arms, equipment and other aid to Khmer Rouge guerrillas in Cambodia.

He said Thailand, which shares a border with Cambodia, would also need to endorse a Cambodian agreement.

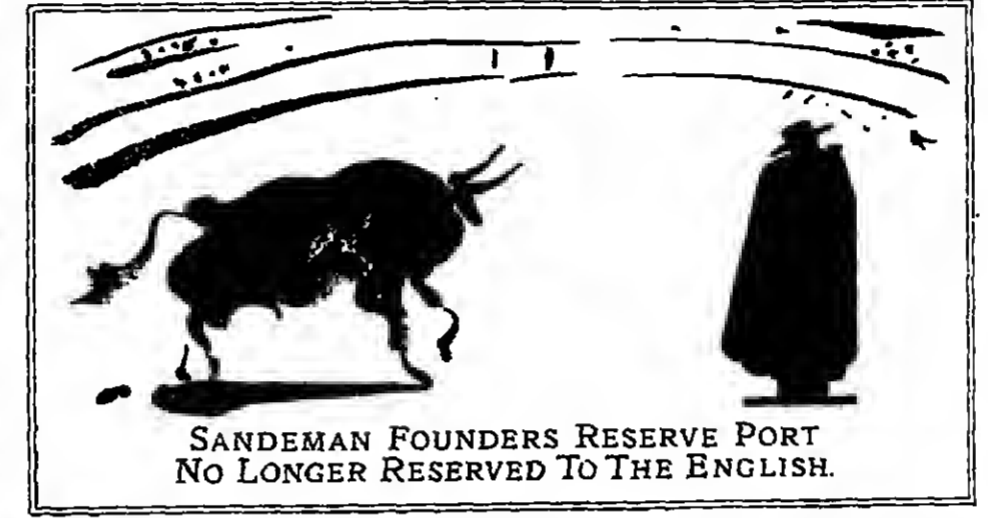
Prince Sihanouk quoted Mr. Hun Sen as saying Thursday that Vietnam was ready to withdraw as early as 1988 if Cambodia's rival factions patched up their differences.

The Prince said he had rejected an offer of a high-ranking position in the Hun Sen government. But he said he was willing to return as head of a Cambodian state run by a government made up of his three-party coalition and Mr. Hun Sen's group.

"This Cambodia," the prince said, "would be neither Communist nor socialist but run under a parliamentary, multiparty system with Communists and non-Communists side by side in an independent country free of foreign troops."



NOT PACIFIC — French policemen fighting with indigenous Melanesian demonstrators Tuesday outside the Magenta stadium in Noumea, New Caledonia, where the French minister of overseas territories, Bernard Pons, was opening the 8th South Pacific Games.



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INDEX

## Bill Widens TV Controls In Malaysia

KUALA LUMPUR, Malaysia — The Malaysian information minister has gained the power to control all national radio and television programs in a law passed by parliament on Monday, according to the national news agency, Bernama.

The news agency quoted the minister, Datuk Mohamad Rahmat, as telling Parliament that the bill was necessary to create "a united, stable and successful society loyal to the king and country."

The bill allows the minister to monitor all programs to ensure they are consistent with government policy, the agency said. He will have the power to revoke the broadcasting license of any station ruled to be in violation of the law.

Malaysian reporters said the law would make the media extremely careful about program content.

The bill appeared to be aimed at Western programs that Mr. Mohamad said "contain elements that can pollute Malaysian cultural values and the Malaysian society if care is not taken."

The Malaysian Parliament tightened press laws last week. In October, the government closed three leading newspapers, accusing them of fomenting racial discord, and banned political rallies during crackdown in which more than 100 were arrested.

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The Grievance Is Real

Glasnost or no, Soviet citizens attempting a peaceful human rights protest in Moscow on Sunday got the familiar pro-Gorbachev bullying by KGB goons...

rights behavior protest Moscow's refusal to let thousands of people out. No people are known to be protesting in Mexico or elsewhere...

Save the Midgetman

Political accident puts a crucial weapons vote on the Midgetman missile, on the Senate calendar just as Mikhail Gorbachev is in Washington...

part, the SS-25. Why ban weapons that strengthen deterrence and stability? Because, the argument goes, the Soviets are ahead in "mobiles," because Soviet mobiles are hard to hit...

An Inter-American Job

The Organization of American States was too timid Monday in backing free elections in Haiti without endorsing an inter-American force to guarantee the process...

tragedy may be inescapable without inter-American intervention to reconstitute the betrayed election under the original electoral council...

Other Comment

Protective and Productive

The world's leading environmentalists, meeting in Denver in what they called an eight-day "global summit" on conservation issues...

The Visitor From Moscow

To listen to the hubbub, you'd think the future of humanity rests on whether Annamaria can resist having her pockets picked by the slick visitor from Moscow...

OPINION

A Modest Treaty but a Step Toward Realism

WASHINGTON — The goal that the doctrine of deterrence specified for arms control was a balance of nuclear forces offering the maximum of stability...

By Jonathan Schell This is the second of two articles.

The new doctrine offered a clear ultimate goal (abolition of nuclear weapons), a path to follow to the goal (creation of defenses) and clear standards for measuring progress...

toward some ultimate goal or other because there is no measuring rod with which to do so.

Notwithstanding the modesty of the INF agreement, its ambiguous contribution to stability and the doctrinal confusion surrounding it, the agreement does stir hope.



By Miklos Dicsoski

One reason is the acceptance by the Soviet side, for the first time in the nuclear age, of the principle of on-site inspection.

For decades, Soviet refusal to allow such inspection placed a tight limit on the extent of arms reductions that were likely to be seriously considered by the United States.

It is true, as some of those who discount the importance of the treaty point out, that the number of warheads to be withdrawn from

Europe fails to change the overall destructive power of the two sides' arsenals. Yet if the removal of the warheads is to be a step toward

What may be most important, however, are the political conditions that have led this particular administration to conclude an agreement with the Russians.

The very lack of a guiding doctrine makes one wonder just what propels the arms talks at present.

But behind it all, informing and illuminating both the hopes and the reservations, lies the question of whether a watershed is coming, whether the century is going to end as it began, with preparation for another, this time final, world war.

The writer is author of "The Fate of the German" and "The Consequences of the Cold War." He contributed this column to The Washington Post.

Questions Are the Best Response

By Flora Lewis

WASHINGTON — Pained warnings from the left, protest marches and posters, a tingling sense of extraordinary occasion...

There is something extravagant in Washington's reception of Mikhail Gorbachev, as if he were a unique performing panda, or a Martian.

Attention is focused on secondary issues, which kind of tests for "star wars," how long the Russians take to get out of Afghanistan, how much support they keep providing for Nicaragua's Sandinistas...

But behind it all, informing and illuminating both the hopes and the reservations, lies the question of whether a watershed is coming, whether the century is going to end as it began...

The writer is author of "The Fate of the German" and "The Consequences of the Cold War." He contributed this column to The Washington Post.

Far From the Summit, Chinese and Japanese Fret

TOKYO — With all eyes on the U.S.-Soviet get-together, the world seems to have forgotten the other two players in the world power game: China and Japan.

By Gregory Clark

China's major geopolitical concern, then as now, has been to avoid becoming the odd man out in a United States-Soviet-China power triangle.

China's major geopolitical concern, then as now, has been to avoid becoming the odd man out in a United States-Soviet-China power triangle.

One sign of the depth of pro-U.S. feeling among conservatives here is the extraordinary lengths to which the government went to make amends when the Toshiba Machine Co. was found to have provided equipment to the Soviet Union that might have improved its submarine technology.

Like Beijing, Tokyo could find itself as the outsider in another triangle: A U.S.-Soviet rapprochement could mean it likely that the United States will take a stronger line in economic relations with Japan.

After the Summit, Shultz Might Hear Nordic Static

OSLO — The Soviet Union and the United States are competing these days for the affection of the Nordic countries.

By John C. Ausland

Mikhail Gorbachev visited Murmansk on the Kola peninsula, in early October, and advanced a vague program of economic cooperation.

about the creation of an elaborate complex of naval and air bases on the Kola peninsula. The main bases vie with those on the Pacific coast for the honor of supporting the largest Soviet fleet.

est in their own defense. The electronic facilities and aircraft on Iceland and in Norway could play a crucial role in any battle for the North Atlantic.

est in their own defense. The electronic facilities and aircraft on Iceland and in Norway could play a crucial role in any battle for the North Atlantic.

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OPINION

Remember: As a Meadow Differs From a Prison Yard

By A. M. Rosenthal

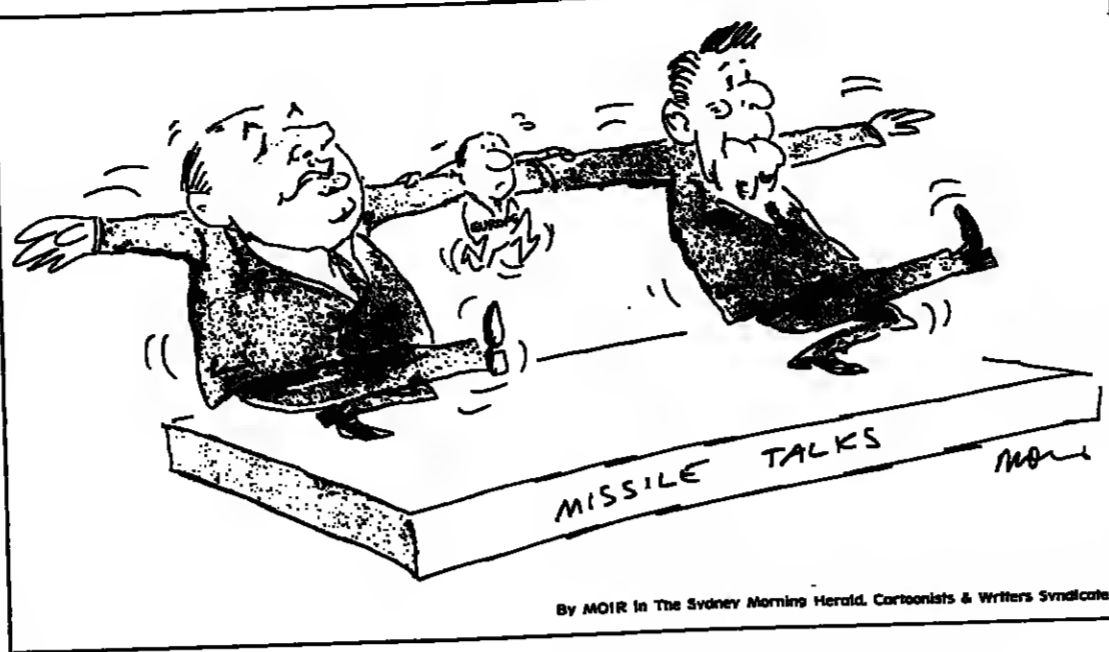
WASHINGTON — Mikhail Gorbachev has arrived in Washington to sign one arms treaty, to prepare for another and to pursue his search for a prize and achievement even greater. It is not yet in his grasp but is drawing closer. The goal is the most ambitious ever sought by a Soviet leader and has profound meaning for the Western alliance. It is nothing less than achieving for the Soviet dictatorship full moral equality with the United States in the eyes and affections of the world.

ON MY MIND

Of changing the essential elements in the system upon which the dictatorship of the Communist Party of the Soviet Union — and therefore his own power — rests. The world is still aware of difference between a great-power democracy and a great-power dictatorship — as a meadow differs from a prison yard. The awareness gave America the right to ask support from those who yearned for freedom themselves. Usually it gets it, provided it speaks truth and does not break faith. Mr. Gorbachev is weakening the awareness; evidence is everywhere. Margaret Thatcher, of all people, speaks of him in terms she could be expected to reserve for St. George. The Germans positively glow with admiration. He is a pop hero throughout Western Europe. In the United States, opinion polls show wariness but, considering the fact that he heads an imperial dictatorship, also a remarkable amount of acceptance. Skepticism about glasnost is not quite fashionable in the world of political fashion. Columnists and politicians would Americans for their fear of communism, as if the occupation of Eastern Europe, the invasion of Afghanistan and the attempts of the Soviet Union to use Cuba as a base were some silly dream from which we should awake.

Decency and Foreign Policy

How far should foreign policy be affected by human rights considerations? The people of the United States are of such diverse origins that an especial sympathy, based on ties of blood, exists with the downtrodden of many other lands. Certainly the plight of Jews abroad will not be forgotten. The task of President Reagan is to accommodate generous moral indignation with a coherent foreign policy. He cannot do this by allowing it to override all other factors. It is one thing to use arms control negotiations to bring violations of human rights to due prominence. It is another to sacrifice satisfactory agreements because the world is not as virtuous as it should be. — The Independent (London).



By MOIR in The Sydney Morning Herald. Cartoonists & Writers Syndicate.

Blue Skies, a Soviet Invasion And Winter's Lok Sabha Din

By S. Nihal Singh

NEW DELHI — This is the most delicious time of the year in the Indian capital, with a perennial blue sky and balmy temperatures. The flowers bloom and hotel swimming pools are full of European and American visitors greedily drinking in the sun. The local resident has become used to months, everything is crammed into it. Foreign presidents and prime ministers suddenly hear the Indian love call and find business of state to transact. We have just had a remarkable retrospective of Henry Moore's sculptures and drawings. But this winter will be awash in Soviet fare. After the fashion set by the Festival of India in Britain, the Indian festival went to Moscow this summer. The Soviets are returning the compliment by sending their best fare. Last month, their prime minister, Nikolai Ryzhkov, paid a visit. There is some tart comment that the Soviets have not fully reciprocated an earlier Indian gesture; since Prime Minister Rajiv Gandhi went to Moscow to launch the Indian festival, the Soviet leader, Mikhail Gorbachev, should have come here, it is said. Politics apart, nobody is sneezing at a fabulous collection from the Hermitage in Leningrad (reportedly including some works that had never left Soviet soil), the Moiseyev folk dance ensemble, jazz groups including the famous Arsenal, the Vilnius puppet theater, and the inevitable circus. For a bit of political mileage, there is an exhibit on the Russian Revolution as seen through the eyes of artists. Indian festivals abroad have been criticized by some here who say the money could have been better used at home. India has just experienced one of its worst droughts. So some proceeds from the year-long Soviet festival, which is funded by both countries, will go to drought relief.

MEANWHILE

the police check posts dotting the city to cope with the increasing (or decreasing) threat of an overflow of terrorism from the northeastern state of Punjab. He has even got used to the gun-toting guards of government ministers and other VIPs. With their penchant for the melodramatic, Indians tend to overdo the security routine, and it often becomes comical. Since the idyllic winter lasts barely four

LETTERS TO THE EDITOR

For Peace in Space, Stop Early Research on the Ground

There have always been two main arguments in favor of the Strategic Defense Initiative. One is that it could defend against enemy missiles. The other is that it would provide a peg on which to hang the research of advanced space-arms technologies, in order to ensure that the Soviet Union could not forge ahead with some unforeseen breakthrough. Extensive calculations have now been done in this field. In April, the American Physical Society completed a study called "Science and Technology of Directed Energy Weapons." It is quite evident from all available material that, though some space weapons will become possible, defenses will never be able to replace deterrence as a strategy. Nuclear deterrence can only be replaced by controlled disengagement — that is, the gradual elimination of nuclear weapons and other weapons until the prospect of murdering hundreds of millions of people becomes as unthinkable as spitting on the carpet at a diplomatic reception. Until that happy day arrives, the ostensible search for space defenses has only one genuine purpose: to keep abreast of what the other side may be doing. At present, each side sees its own part in the space race as unavoidable although, clearly, this race can only lessen stability and safety for all. Currently, the space arms race is not chiefly in weapons but in technologies that are precursors of space weapons. A useful parallel is found in the negotiations to ban chemical weapons. In those negotiations, it has been recognized that certain precursors of chemical weapons would also have to be limited. It is now equally necessary to take some precursors of space weapons into account. Verifiable limits on such technologies would

not put either side at a disadvantage and would counter the possibility of circumventing the anti-ballistic missile treaty in any significant manner. Anything that has a great kill potential within space or from space should be considered for limitation — not only the brightness of lasers but large power sources of any kind in space, large reflectors, various targeting and tracking experiments and so forth. Mutually imposed restrictions in this effect would greatly enhance safety, simplify the arms limitation process generally and save stupendous sums of money. Verification would be easier than one might suspect, at some stage, most experiments in the precursor technologies would require massive structures and tremendous sources of power. It would be a paradox and also a most fortunate outcome of the Reagan years if, due to the exaggerated early rhetoric about the usefulness of space weapons, their creation could be outlawed for all times. That would be an achievement of unsurpassed significance. JULIE DAHLITZ, Geneva.

The writer is senior researcher at the United Nations Institute for Disarmament Research in Geneva. Her remarks are made in a personal capacity.

A 'Googol of Pluses'

Regarding the column "Foreign Students in America Can Benefit Both Sides" by Jean-Jacques Servan-Schreiber and Herbert Simon (Nov. 19): I write to applaud your article on foreign students in the United States. As a veteran of more than 30 years of TESL (teaching English as a second language), I can attest to the googol of pluses attendant upon blending foreign students in with American indigenes. The article, however, requires one small adjustment: The organization that has so admirably addressed the needs of foreign students in the United States is the National Association for Foreign Student Affairs, not just for Foreign Students. JASON R. ALTER, Himeji, Japan.

Latvia's Long Struggle

The report entitled "Militia Blocked Protest Against Soviet Rule in Latvia" (Nov. 19) by Gary Lee was a very good one, except for one mistake. It says that Latvia was declared a free autonomous region on Nov. 18, 1918. Latvia was proclaimed a free democratic republic after a

How Taiwan Views Tibet

I felt a meeting of minds in reading the letter to the editor "Tibetan Riots: Two Western Witnesses Tell Their Story" (Oct. 28), with its question, "What

message does this send to the residents of Hong Kong and Taiwan?" I thought I might take the liberty to answer that. The Chinese Communists pledged long ago to maintain Tibet's political system and to respect the people's beliefs. Instead, they shut Tibet down. Beijing's "one country, two systems" scheme is obviously just a tactical maneuver in its overall strategy for "total communication of Chinese territory." This is intended to create a mirage of peaceful coexistence among fiercely opposed systems. Tibetans are one of the five ethnic groups (along with the Hans, Manchus, Mongolians and Huis) that form the Chinese nation. But in the hearts of freedom-loving Chinese people, there is only one China — the Republic of China — and only one system. The Republic of China respects the Tibetans' desire to have an autonomous system, and it supports their struggle against oppressive Communist rule. It seems clear that if a bit of reasonableness and humanness had been applied in the administration of Tibet, most of the problems it is experiencing would not exist. The Dalai Lama would still be at home, and none of Tibet's religious shrines would have been destroyed. But the Republic of China stands by its insistence that Tibet is an integral part of Chinese territory. C.T. WANG, Taipei.

Perhaps the opposition is frustrated by its inability to exploit a recent scandal. For months, the government was pilloried by opposition accusations that officials had received kickbacks from the Swedish arms maker Bofors. Fingers were even pointed at Mr. Gandhi. But while the government's moral authority has been affected, parliamentary investigations have produced no "smoking gun." The Indian press added its own footnote to the New Delhi winter. The anti-establishment Indian Express, facing a violent strike, sought the help of a rightist opposition party. Heated debate ensued. But the issue has been overshadowed by a government crackdown on the newspaper over alleged infractions of the law. This pressure was widely seen as vindictive; the paper had passionately sought Prime Minister Gandhi's ouster. International Herald Tribune.

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ARTS / LEISURE

Maguy Marin Takes On 'Sins' By Brecht/Weill

By David Stevens
International Herald Tribune
LYON — "The Seven Deadly Sins," the final collaboration by Kurt Weill and Bertolt Brecht...

"The Seven Deadly Sins" is a ballet with songs, or a ballet with singing. The story tells of Anna — represented by a singer and a dancer...



Scenes from "The Seven Deadly Sins," with Maguy Marin (below, at right) and Cathy Polo.

This first part is entitled "... des petits bourgeois" — a reference to Brecht's didactic ex post facto "complete" title, "Die Sieben Todsünden der Kleinbürger" — and linked to the Brecht-Weill work proper by doing without an intermission...

Montserrat Casanova's set, a huge scaffolding wrapped around three sides of the Lyon Opera's stage, allowed the action to be carried out on several levels figuratively as well as literally.



Photograph by Olivier Assolant

discovery of this situation meant that Marin had a month or so of heavy reorganizing. But the suspense here is that not only did she rise to the challenge, but the result was worth it.

A Rare 'Twelfth Night,' Almost Chekhovian

By Sheridan Morley
International Herald Tribune
LONDON — "If music be the food of love, play on," is arguably the most famous and oft-quoted opening line in all Shakespearean comedy.

"This is Ilyria, lady," but it is like no Ilyria we have ever seen before. Far from any seashore, all later references to May mornings and sunshine ignored...

Through the snowflakes wander Aguecheek and Toby Belch and Maria and Feste and Fabian, not figures of the usual slapstick fun but poets and dreamers and losers apparently all in search of Vanya or at any rate the next train to Moscow.

Everything about this production suggests that the actors are back in charge, and that what they have done under Branagh's leadership is to restructure an all-too-familiar text, situate a palm court trio high above the stage and then go to work on an immensely intriguing collection of character studies.

True, the Olivia and the Orsino are a little nondescript, and there are moments toward the end when invention and courage seem to flag, but that is a small price to pay for the realization that Malvolvo goes within an act from comic fool to tragic victim, so that his final off-stage scream of revenge is worthy

of Lear, or that Viola alone retains awareness of a world elsewhere, far removed from all these manic Chekhovian romantic defeatists.

Working without Martin Chuzzlewit or any of his previous and valued librettists or lyricists, Stoupe has written the book, music and lyrics for this curiously amateur adaptation of a Bernard Shaw fable about a New York boy and the crocodile he adopts, only to have it dragged away from him and exhibited at Radio City Music Hall before the inevitable and tearful reunion.

I have seldom seen, least of all at a theater once as distinguished as this one, a Christmas family entertainment quite so breathtakingly understated, underwritten, under-scored, underfinanced and under-rehearsed as "Lyle." The best of its songs, of which there are about two, sound as if they were cut from Stoupe's "Annie" on the way into New York, while one number ("Homeless") sounds and looks literally like a bad dress-rehearsal for hard-knock life.

Peter James's production is quite amazingly and untypically incompetent. Stay away if in search of seasonal fun.

"Drears of San Francisco" is about tacky arts centers and life in a van and the problems of trying to run a theater group with no money for audiences who have no interest in political affiliations. It is also, admittedly late in the calendar, the sharpest new comedy of the year, and suggests that Holborough has been around that circuit herself and met the actors who now want to be gritty torch singers so they can have things like clothes and food.

Simon Stokes directs an admirable cast in, sadly, his farewell to the theater that he has made over the past decade into one of London's best.

of San Francisco," a wickedly funny play about the five members of a radical touring theater group who finish up so far removed from the ideals of the sisterhood that they have become a nightclub act for tired businessmen. The best thing about Holborough is her ability to juggle a quintet of stereotypes while putting them through an accurate depiction of gruesome backstage reality. What she has written here is essentially the feminist "42nd Street."

Jenny Leocat plays the ambitious leader of the collective, the only one totally ready to sacrifice all their political or social ideals for a really good contract in London. She is not however much helped by a revolutionary saxophonist with a dead dog in a box and nothing against men since she has been one herself, nor yet by a bitchy electrician, a tap-dancing poet or a vaguely middle-class legit actress appealed to find that at least one of her colleagues believes in liberating socks from department stores without going through the bourgeois ritual of payment for them.

"Drears of San Francisco" is about tacky arts centers and life in a van and the problems of trying to run a theater group with no money for audiences who have no interest in political affiliations. It is also, admittedly late in the calendar, the sharpest new comedy of the year, and suggests that Holborough has been around that circuit herself and met the actors who now want to be gritty torch singers so they can have things like clothes and food.

Simon Stokes directs an admirable cast in, sadly, his farewell to the theater that he has made over the past decade into one of London's best.

Last week Henry Krieger's "Fat Pig" at Leicester, this week Charles Strouse's "Lyle" the crocodile at the Lyric Hammersmith. There has to be some reason why distinguished Broadway composers are spending much of their time on this side of the Atlantic creating musicals about lovable animals, and that reason is perhaps known in the trade as "Cats."

All the same, it has to be said that "Lyle" is a disaster on almost every level.

Tadder sent off some shots for European magazines, then filed the extra six or seven rolls without thinking much about it. The film turned up about a year ago as assistants were moving files at his Prints Charming Gallery.

He has put together a four-minute show of the still "shots," setting them to music and the sound of fast camera clicks, and hung enlarged prints in the studio.

Tadder enlarged the shots, signed them and priced them from \$100 to \$200. They'll be printed in limited editions of 25 for each negative, he said.

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ANTIQUAIRES ET CREATEURS PASSERELLE DE L'ART 12 20 DECEMBRE ESPACE CHAMPERRET

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DOONESBURY comic strip panels showing characters and dialogue.

WORLDWIDE ENTERTAINMENT advertisement for the musical 'A CHORUS LINE' at the Chatelet Theatre.

Handwritten signature or note at the bottom of the page.

# Japan: A Change of Face

## IN THE NEWS

**Nov. 4: Reagan Curtails Trade Sanctions**  
President Ronald Reagan, citing progress in a trade dispute over computer chips, lifts \$84 million in sanctions against Japan, leaving sanctions totaling \$165 million.

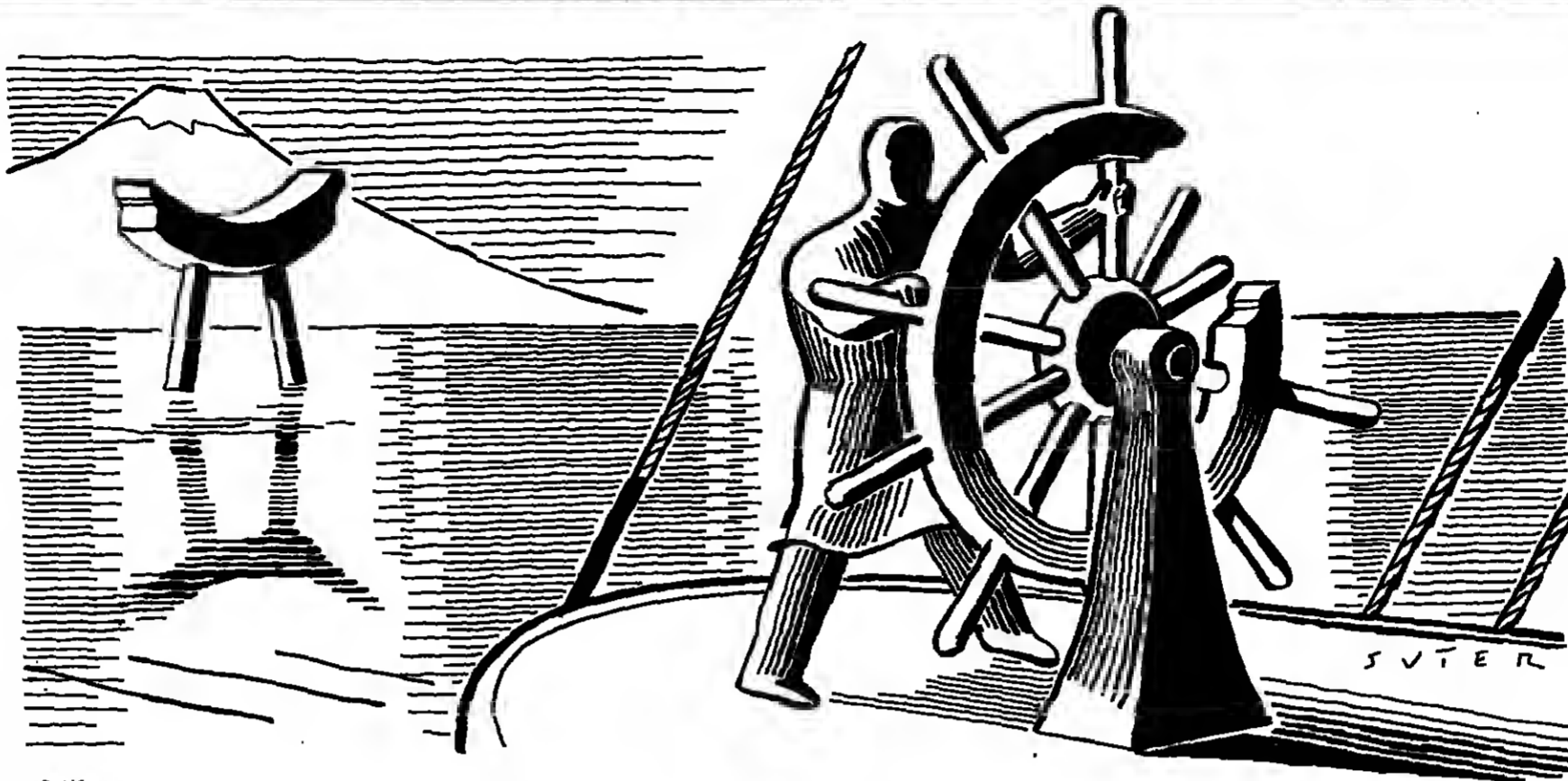
**Nov. 6: Takeshita Becomes Prime Minister**  
After taking over from Yasuhiro Nakasone as president of the ruling Liberal Democratic Party, Noboru Takeshita wins a predictable election to become Japan's 17th postwar prime minister.

**Nov. 7: Takeshita Urges U.S. to Support Dollar**  
The prime minister and his newly appointed deputy prime minister, Kiichi Miyazawa, call on the United States to abide by an agreement on exchange rates and to reduce the U.S. budget deficit.

**Nov. 19: Trade Talks Bring U.S. Warning**  
Less than a month after being appointed U.S. commerce secretary, C. William Verity holds four days of trade talks in Tokyo, warning that Japan's refusal to allow American companies access to public works construction projects was "unacceptable."

**Nov. 24: Japan Rebuffs Thatcher's Plea**  
Following the U.S. budget pact announced Nov. 20, Prime Minister Margaret Thatcher of Britain urges Japan and West Germany to stimulate their economies. But Japanese finance officials say Japan will not make any changes in its economic and monetary policies.

**Nov. 27: Prime Minister Reaffirms Goals**  
In his first major policy speech to the Japanese parliament, the prime minister reaffirms the nation's commitment to overhaul its economy by relying more on domestic demand and less on exports.



## Takeshita Tackles an Unfinished Agenda

By Paul Maidment

**T**OKYO — Noboru Takeshita, Japan's new prime minister, has inherited a resurgent economy, hard-to-fulfill expectations abroad that Japan needs to play a bigger international role and even harder-to-achieve challenges at home that must be tackled in order to keep up the economic growth needed to meet those expectations.

The legacy of his predecessor, Yasuhiro Nakasone, is an unfinished political agenda that includes completion of tax reform, arresting the skyrocketing rise of Tokyo land prices and liberalization of agriculture, the construction industry and the distribution system. Mr. Takeshita could seize the initiative on any one of these and write his name in the history books.

Seizing initiatives is not the painstaking Mr. Takeshita's political style, however. It is more likely that he will hold Japan steady on the course Mr. Nakasone steered, carry out the key outstanding part of tax reform, the introduction of a broad indirect tax such as a sales tax, and leave the other

difficulties for his successor. Many in Tokyo political circles expect Mr. Takeshita to remain in office for only the first of the maximum two two-year terms in office that the rules of the governing Liberal Democratic Party allow. Signs of a succession struggle are already beginning to appear, although Mr. Takeshita, a consummate domestic politician, could yet confound his doubters. Mr. Nakasone, once also considered a potential four-term leader, became Japan's third-longest-serving postwar prime minister.

Mr. Takeshita has taken over an economy that would let him steer a bolder course of his own should he so choose. The government's growth target for the current fiscal year (to March 1988) is 3.5 percent, against fiscal 1986's 2.5 percent growth. Despite the strengthening of the yen and the prospect of slower growth in Japan's main export market — the United States — brought on by the fall in world share prices, private economists still believe that the Japanese economy will grow by not much short of the official target. Growth for fiscal 1988 is widely forecast to be around 3 percent.

It is domestic demand that is keeping the economy buoyant. The domestic component of gross national product is

forecast to increase by more than 4 percent this year. In the fiscal years 1980-1985, it averaged only 2.6 percent annual growth, while the economy as a whole grew by an average 3.9 percent a year.

Japan's export manufacturing industries are still suffering from the effects of the sharp appreciation of the yen, which has risen from 230 yen to the dollar at the time of the Plaza accord in September 1985 to around 135 now. Corporate profits in the manufacturing sector fell 20 percent last year and are only now starting to recover.

Corporate bankruptcies have been falling on a year-on-year basis since January 1985, but there were still more than 1,000 in October. Japanese exporters continue to shift their low-technology assembly and components production offshore, slim their work forces and generally tighten their belts another notch each time the dollar falls another 10 yen.

In contrast, domestic-oriented industries are thriving, led by private-sector homebuilding and personal consumption, which is expected to increase by 3.6 percent this year, its strongest growth since 1982. Retail sales volume in the year

Continued on page II

## IN THIS REPORT

### Nakasone's Legacy II

The former prime minister's assertive style was a break from traditional Japanese politics, but in the end he had to bow to the consensus-based system.

### The Rising Yen IV

The real question now is whether Japanese importers and the entire economy can withstand further appreciation of the yen without sustaining serious damage.

### U.S. Relations V

The reluctance to boost domestic demand has created greater trade frictions with the United States, Japan's largest trading partner.

### Bullish on Japan VI

From deep pessimism, Japan has shifted to bullish optimism about the economic future.

### Real Estate VII

Residential and commercial land prices in the Tokyo area have soared 93 percent during the past year, creating a crisis full of social and economic implications.

### Stocks VIII

The Oct. 19 stock market crash bared the vulnerability of the Tokyo exchange.

### New Technology IX

A Nobel Prize winner's warnings have prompted soul-searching among those planning strategies for high-tech development.

### Art Boom X

Cultural consumption has reached a new high. Excess cash has opened up an enormous market for Western art.

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Europe has become a global community. To help it grow we have to get together. Because, together we can bring new qualities to our lives here in Europe. We can enjoy new ideas, new challenges and new life styles. So let's get to work on tomorrow, today.

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certs in London to Japanese sumo wrestling in Paris. And we even sponsor a team in the Tour de France.

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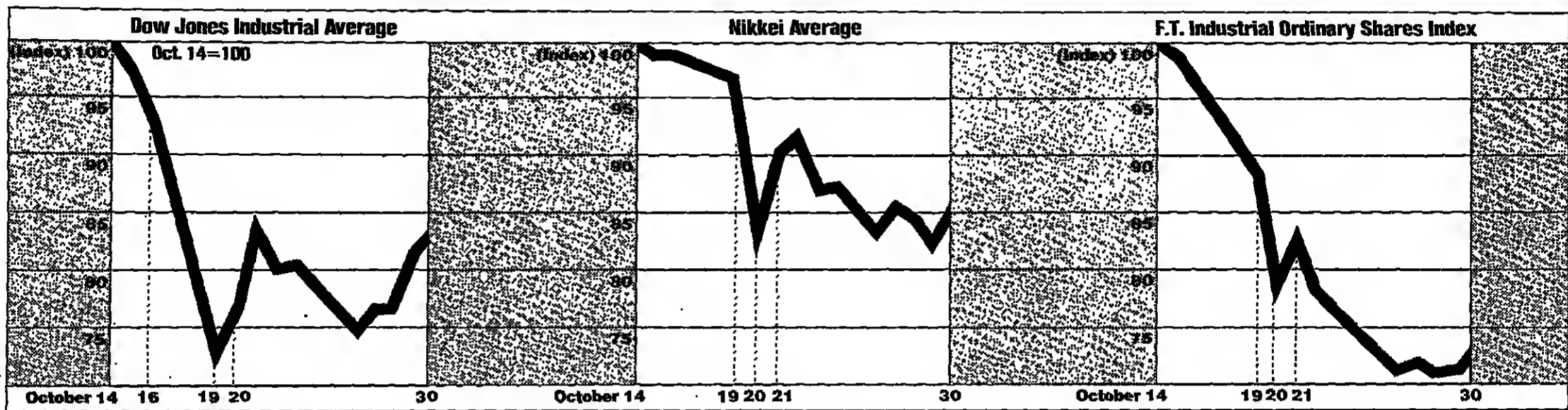
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BOULEVARD  
PARIS



# TOKYO, OCTOBER 1987 WHAT HAPPENED AND WHY?

Investor Confidence and a Strong Economy  
Stabilize the Tokyo Market

## NEW YORK TOKYO LONDON



### New York, London, Tokyo...

The world's three great stock markets are forging mutual links, making 24-hour global trading a financial reality. Events on October 19th show just how interrelated the three major international stock markets have become. Severe jolts were felt throughout the world's financial markets when investors, wary of the U.S.'s enormous trade and Treasury deficits and the weakening dollar, began a massive sell-off. On Black Monday, the New York Dow Jones industrial average declined a record 22.6% in one day. London recorded a similar decline, and the next day in Tokyo, overseas investors sold a staggering amount of stocks, driving the Nikkei Average down 14.9% and triggering the market's automatic loss limiting system. During the week of the crash, the Dow Jones' and Financial Times' indexes fell below their year-high levels by 36.1% and 32.1% respectively.

However, in the same period, the farthest the Nikkei Average fell below its 1987 high was a relatively low 17.8%. And by the week's end, the Nikkei Average had rebounded a strong 4.2%, making the Tokyo market's resilience the focus of attention among international investors.

### Individual Investors Help Stabilize the Tokyo Market

The key players in cushioning the fall on the Tokyo market were Japanese individual investors. During the month of October, net purchases by individual investors came to

approximately ¥700 billion, roughly triple the previously recorded high in September. Other Japanese investors who played a stabilizing role in the Tokyo market include financial institutions and corporations, accounting for ¥1,122.9 billion of net purchases, and investment trusts accounting for ¥93.6 billion. This purchasing trend partially offset the selling by overseas investors, which reached ¥2,023 billion in October.

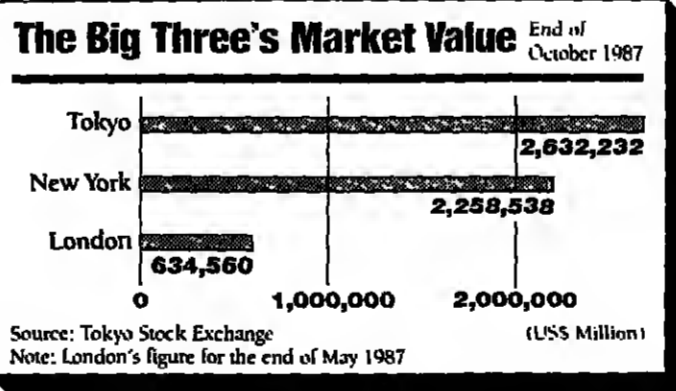
As for the week of the crash (October 19th ~ 24th), overseas investors sold ¥1,045 billion worth of stocks on the Tokyo market. Japanese financial institutions were net purchasers of only ¥78 billion, but individual investors supported the market by purchasing some ¥623 billion worth of stocks, and non-financial institutions were net buyers by ¥190 billion. This buying by Japanese individual investors and corporations counterbalanced the selling by foreign investors in Tokyo. Confidence remained high, and stability returned quickly.

### Strong Economy and Solid Savings' Structure

One reason for such strong support buying by Japanese investors is their faith in the fundamental strength of the Japanese economy. Japanese businesses, especially in the hi-tech industries, have overcome the oil shocks of the '70's and the yen appreciation of the '80's and have adapted to the new international business environment. According to the OECD, the combined effect of the fall in stock prices and the low dollar will only slightly affect 1988's real G.N.P., decreasing it by just 0.25%. In fact, the *Nihon Keizai Shimbun* predicts that for the fiscal year ending in March 1988, the average ordinary profit of all listed Japanese companies will increase by 29% over the previous year.

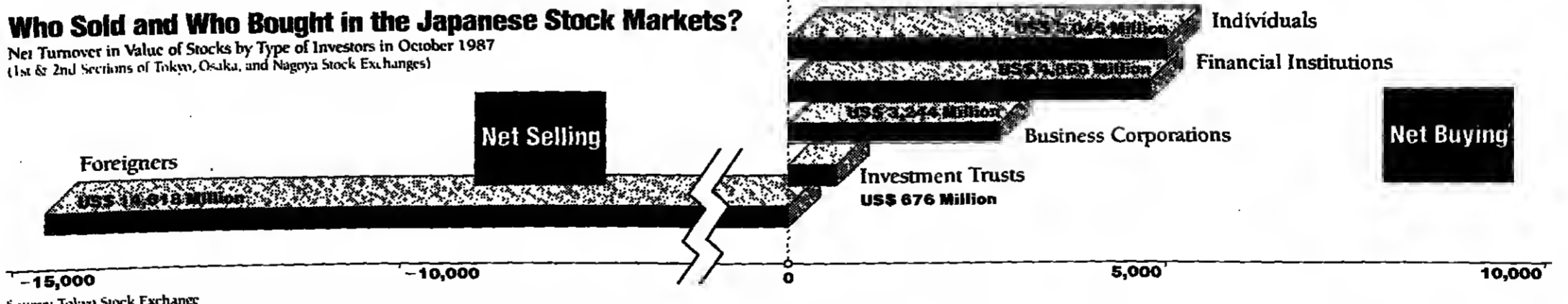
Another reason for investor support is the high rate of individual savings. In 1985, Japan's individual savings ratio reached 16.0%, demonstrating a strong propensity to save. In comparison, the West German rate was 11.4% while the U.S. rate was only 5.2%. Given the percentage of total savings invested in stocks, which is 8.5% lower than the U.S. rate of 22%, erosion of assets due to the crash was relatively slight, despite the strong growth in stock investments. Japanese financial institutions will also continue to use stock investments as part of their asset management programs.

The fundamental strength of Japan's economy has instilled confidence in both individual and institutional investors, which in turn has provided stability in otherwise volatile financial markets. Investor confidence and economic strength make Tokyo the safest market in volatile times.



### Who Sold and Who Bought in the Japanese Stock Markets?

Net Turnover in Value of Stocks by Type of Investors in October 1987  
(1st & 2nd Sections of Tokyo, Osaka, and Nagoya Stock Exchanges)



Note: All U.S. dollar figures represent translations of yen amounts as supplied by the TSE at the rate of U.S. \$1 = ¥138.40, and are given here for convenience only.

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Property Boom And Speculation Buoy Economy

By Gregory Clark

TOKYO — From deep pessimism, Japan has shifted to bullish optimism about the future of its economy. The manufacturing sector, which six months ago was supposed to be reeling from the blow to exports caused by the more expensive yen, now sees a hefty 40 percent increase in profits in the fiscal year ending March 1988, according to one authoritative study.

yet to run its course fully. At its peak, it had pushed up the Tokyo stock market by more than 50 percent from its earlier highly inflated level. In many areas of the major cities the land boom has pushed up prices by several hundred percent.



Growing demand for luxuries: Tokyo shoppers pause at Gucci

Cost-cutting may raise profits, but it does not necessarily increase sales.

How long will the boom last? Psychologists rather than economists can give the answer. The Japanese now have an almost mystical belief in the never-ending strength of their economy.

around 20 percent to 30 percent, with a rebound in a few more years. The government says it will start refusing permission to people who want to buy land at inflated prices.

tion now under way comes onto the market. Given the high level of borrowing for building in Japan, widespread bankruptcy would result.

Banks Need to Lose Fat As Easy-Profit Era Ends

Special to the IHT

TOKYO — Under Japan's old system of controlled capital markets, the bigger you were, the better you were. No longer is that true. Competition brought on by financial deregulation and external pressure on Japanese banks, to bring them into line with international measures of banking security, are forcing them to shed their obsession with size and look to quality and sophistication.

Bank of Japan has consistently warned against tech but has seemed unable to stop it. The fear now is that zaitech and the banks' assessment of their financial stability based on the value of their hidden assets could combine to produce one great financial disaster.

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The Housing Market

# Tokyo's Spiraling Property Prices Risk Creating a Two-Class Society

e Fat Ends

**Banks now offer 'two generation' mortgages in which the eldest son or another heir is expected to assume payments after the owner retires.**

By Darryl Gibson

**T**OKYO — This month, 40 lucky Japanese out of about 3,200 ticket holders will win a lottery run by the Tokyo Metropolitan Housing Supply Corp. However, most of the winners will be running off to their bankers not to make a handsome deposit, but to arrange loans big enough to allow them to move into their prize—a new six-room house with a small garden. ... And although the houses will cost the winners an average of \$485,000 each, every one of those winners is most likely to judge himself lucky indeed to win the right to buy, because skyrocketing land prices in Japan, and the Tokyo area in particular, have put home ownership beyond the hopes of many Japanese.

Real estate agents say the prizes, located about 90 minutes from the office for central-city workers, would be worth at least \$735,000 on the open market, and the housing corporation has indicated that it has no plans to build new single-family developments in the foreseeable future. Thus, one particular home attracted more than 500 offers from frustrated house hunters. For the more than 3,000 who fail to get their dream home in the lottery, prospects of matching the winners' windfall are bleak.

In the fashionable Denenchofu district about 40 minutes from central Tokyo, homes as small as 100 square meters (1,076 square feet) on about 70 square meters of land are priced at more than \$2 million. In less fashionable districts up to two hours from a central office, \$300,000 will barely buy a condominium apartment, and many Japanese in the Tokyo region are beginning to give up dreams of ever owning their own home.

In the year to July 1, residential land prices in the Tokyo area soared 93 percent, according to the National Land Agency, and prime commercial land in the central business district now costs

up to more than \$40,000 for a single square meter.

The payback period on a newly purchased office building can approach 150 years, some real estate sources say.

In central Tokyo, however, land prices are said to be stabilizing, albeit at ridiculously high levels. But now, outlying areas like Yokohama and Saitama, Chiba and Kanagawa prefectures, are experiencing increases of more than 60 percent in the past six months.

Government at all levels is finally beginning to take the price rises seriously and are forming committees and issuing "guidance" memos to bankers and loan companies, advising them to stop making speculative land loans.

But few real solutions have emerged from the turmoil, and although the new government of Prime Minister Noboru Takeshita has said that solving the real estate crisis is its top priority, few believe there will be any real changes soon.

Beyond the simple price problem are the prospective social changes likely to occur from the creation of an entire new class of landless Japanese within what is often touted as one of the world's most homogeneous societies.

Already, some aspects of those changes are becoming clear, however. Society is quickly turning into groups with land and those without.

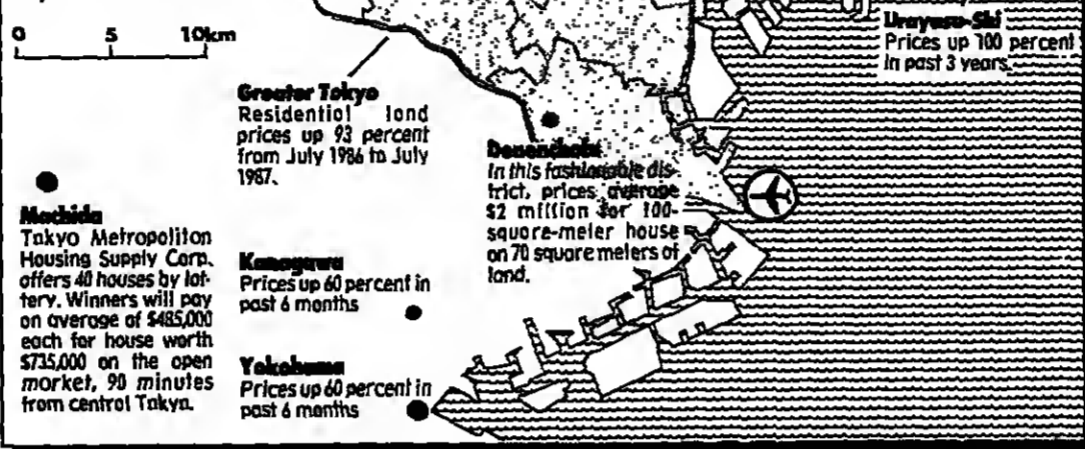
The landowners, supported by soft bank loans gained using real estate as collateral, are becoming richer and richer as they plow loaned money into stock markets, long-term savings certificates, which pay far more interest for large depositors than for small depositors, and into foreign land.

Realtors in Hawaii, Australia, the U.S. West Coast and in Canada are finding Japanese with suitcases full of cash ready to buy almost anything and ready to drive local housing prices up to the point where ordinary citizens in other countries are no longer able to participate in the market.

In Australia, the government has already taken measures to prevent non-immigrants from buying prime residen-

## Tokyo Land Prices: A Dizzying Climb

Arresting the skyrocketing rise of Tokyo land prices is a key element in the unfinished political agenda inherited by the new prime minister, Noboru Takeshita. For Tokyo workers, the property boom has put the affordable "20-million-yen dream home" at least two and a half hours from the center city.



tial land — many say because of the Japanese who were arriving on vacation and snapping up condominiums and homes priced far below the jewels back home.

But for the Japanese homeowners who have not paid off a housing loan, taxes, rising in tandem with land prices, are squeezing their already loan-heavy income to the point that many are working simply to meet payments.

"I only three years, the value of my home has more than doubled, but the taxes are cutting into my income more heavily and even if I sold, I would have no place to go in Tokyo. Prices in other locations have risen just as much so I haven't really got ahead at all. In fact, it's now tougher to keep my head above water," said one owner of a yet-to-be-paid-for condo, an hour from his office.

For the desperate, banks are now offering "two generation" mortgages in which the eldest son or another heir is expected to assume payments after the owner retires.

But with Japanese families becoming ever more nuclear, the ability to guarantee that one's heirs will want, or be

able to continue, payments from the day they start working is waning.

And no one has looked at the family implications of a situation where land worth perhaps billions of yen, is transferred to one son or daughter and not to another.

Traditionally, the eldest son in a Japanese family inherits the home and takes care of his parents, but now that his siblings have little chance of being able to set up their own households independently, family tensions could become increasingly strained.

For the landless, a new phenomenon is emerging. Instead of saving for the purchase of a house, many have given up hope and are moving toward an outwardly affluent lifestyle, including imported cars and overseas vacations, while living in rented two- and three-room "rabbit hutches."

But for many, rents are hardly less crippling than borrowing to buy. A 50-square-meter apartment, far removed from the central city, can rent for well above \$1,000 a month, and a centrally located unit of 100 square

meters will easily run beyond \$5,000 a month.

With the average salary of a company employee in the \$37,000 range by middle age, only a dramatic change in land prices is going to help to increase the chances of having a small house to call one's own — or even a decent apartment to rent.

And even simply giving up hope, buying a "baby Benz" with the money one would have spent on a down payment for a house or condo and going to Hawaii on vacation, does not necessarily get the renter out of the land-price spiral.

Japanese law gives renters full right of tenancy, but with land prices skyrocketing, many landowners see selling off property to big developers as the way to move from middle-middle class to rich, and they can try to sell their property out from under their tenants.

But tenants, faced only with higher rents further from their offices, refuse to leave and then the jagged step in to make life miserable — and dangerous in some cases. Jagged, often loosely translated as

"land sharks," specialize in assembling small land parcels for sale as packages in developers, and they often terrorize tenants and small landowners who refuse to sell for redevelopment.

Tactics to force people out range from midnight telephone calls, all-night parties in rented premises nearby and verbal abuse, to chopping holes in roofs, driving dump trucks through fences and walls, arson and physical attacks.

The law is on the side of the tenants and small landowners, but in practice, the harassment often overpowers the authorities and people decide to move.

This only compounds the land-price problems because the payments to the tenants to move or to the landowners to sell are often substantial and Japanese tax law severely punishes individuals who do not quickly reinvest their windfalls in land.

So, in the outlying areas, where a home used to cost about eight to 10 times the average salary of the average worker, displaced central city dwellers with wads of cash become willing to pay exorbitant prices for overvalued land simply to avoid the taxman.

The resulting inflation of marginal land prices means that the "salaryman" lucky enough to get a loan and brave enough to shoulder a long-term mortgage has to move even farther from work to buy his piece of Japan.

Already, the "20 million yen home" (\$148,000) one hour from work" of most dreams is at least two and a half hours from central Tokyo and getting farther away everyday. And the government solutions so far proposed to solve the problem offer little hope to the present generation looking for a house.

One plan is to freeze prices in the Tokyo region, but a freeze on prices that are already well beyond the ability of most to pay is hardly a solution.

Another program calls for holding government-owned, but underutilized, land from the public market to dampen speculation, but the logic of creating disinflation from lowering supply in a demand spiral is somewhat "confused," critics say.

Raising taxes on underused urban "farmland" could increase supply as could increasing "land-holding" taxes, but for the owner now saddled with huge mortgages, higher taxes could simply force the less affluent into the landless category, others argue.

Moreover, drastic moves to drive prices down to reasonable levels carry the fear of creating a disinflation so crippling that corporate and personal bankruptcies will proliferate because of the heavy borrowing done on current land holdings.

Seisuke Okuno, director-general of the National Land Agency, says the solution must be to create a "multipolar" country where the current concentration of economic and human re-

sources in Tokyo is halted and decentralization is forced upon the economy.

But even within the government, bureaucrats who roundly applaud the idea of moving some departments and ministries to other cities and regions fight tenaciously to make sure their own department or ministry is not among the ones moved into the *inaka*, or countryside.

One proposal from Mr. Okuno's agency calls for "capital splitting," in which Sendai to the north would become a "second capital"; Nagoya to the southwest would become the "industrial" center; and Osaka-Kyoto, even farther west, would become the "cultural" center.

Within moments of the plan's release, however, Sendai let it be known it was unenthusiastic about becoming a second capital, and Nagoya and Osaka-Kyoto rejected the plan because they do not want to be limited to any particular kinds of development.

And with the prime minister's official residence being rebuilt in Tokyo, the likelihood of any serious movement of any government offices or departments away from the seat of power remains a dream, critics say.

Mr. Okuno, in a recent interview, said the agency's decentralization plan is still alive, but the hard political decisions required to transform the Tokyo area, with its population of 28 million, into a much smaller capital region seem unlikely to be taken under the untried Takeshita administration.

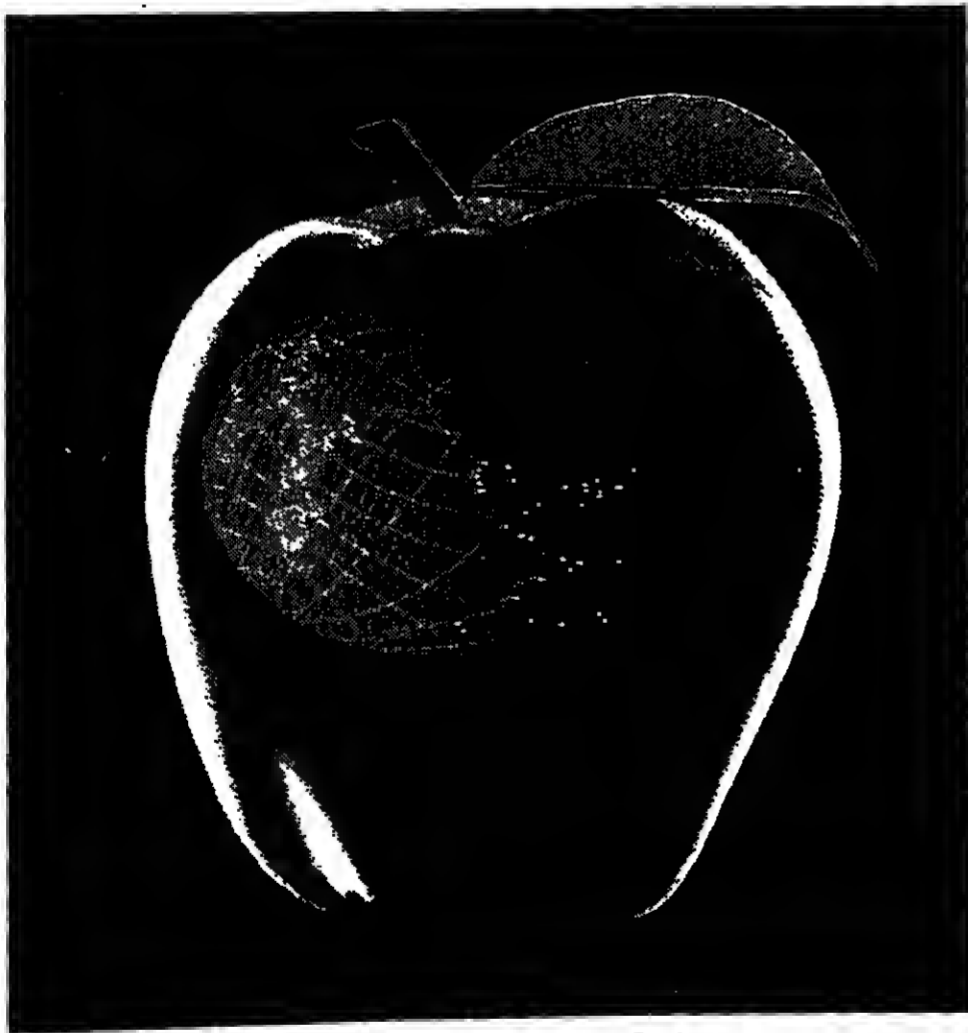
The new prime minister prides himself on his ability to seek compromise and obtain consensus, hardly the sort of leadership style required to step on vested interest and force through sweeping changes in the way wealth is currently formed in Japan: owning land, preferably in Tokyo, and then building from that base to buy more land, to buy out industries and establish companies on bank loans made on the strength of ever-rising land prices.

And so, the lucky 40 who will be moving into their \$485,000 homes in the New Year holidays really do look to be lottery winners — even in the traditional sense, because unless the land-price spiral suddenly and inexplicably loses momentum, their houses and land are likely to be worth twice as much in a very few years.

Then they will be able to sell to someone else, move to Hawaii and retire in luxury.

And without an end to the price spiral, that scenario may just replace the "20-million-yen-home-an-hour-from-work" dream of ordinary Japanese in a short time.

DARRYL GIBSON reports for The Canadian Press from Tokyo.



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# Crash Bares Vulnerability of Tokyo Exchange

By Takeshi Sato

TOKYO — Japan's stock market is expected to develop a cautious upturn in the coming weeks, as the feeling grows among investors that gyrations in world stock exchanges since Black Monday represented an overdue adjustment to correct their exceedingly high levels built up in the past year or so.

At the same time, the Monday, Oct. 19, crash on the New York Stock Exchange showed that the Tokyo Stock Exchange cannot escape the chain reactions rippling through world financial markets, however strong the Japanese economy may appear.

The agreement to reduce the budget reached by the Reagan administration and Congress gave some support to the Japanese market, but turnover remained limited to a level about one-third of the average trading volume earlier this year.

Many investors, both individual and institutional, remained on the sidelines, awaiting further developments in the U.S.-Soviet talks on the Intermediate Nuclear Forces treaty. They also wanted to see what would be the approach of international monetary authorities, especially concerning cooperation among the Group of Seven leading industrial nations.

Market sources say that both major institutional investors, such as life insurers, and investment trusts have a large cash position, representing nearly 40 percent of their assets as a result of previous selling. But these investors are said to be showing extreme caution in using their liquidity, because many of them suffered significant losses in their portfolio holdings.

"So far, it is all right, because the present price level is still somewhat higher than at the beginning of this year," a fund manager of an institutional investor said. "However, we cannot run a big new risk by investing our money at this stage."

A spokesman for Daiwa Securities said the

cash would be invested in stocks when the principal factors in the market — such as the yen-dollar exchange rate, ways of implementing the U.S. budget reduction pact and the U.S.-Soviet arms talks — had been clarified. "It would be difficult to increase investment in U.S. government bonds or Japanese govern-

ment bonds or the interbank market substantially," he said. But he added that a quick recovery to the August level of the Nikkei stock average was unlikely, because the market had learned a lesson from Black Monday that was totally unexpected for most Japanese investors.

### A quick recovery to the August level of the Nikkei index is unlikely because the market has learned a lesson from Black Monday.

ment bonds or the interbank market substantially," he said.

But he added that a quick recovery to the August level of the Nikkei stock average was unlikely, because the market had learned a lesson from Black Monday that was totally unexpected for most Japanese investors.

On Oct. 20, there was a rush of sell orders on the Tokyo Stock Exchange, including an estimated 1 trillion yen (\$7.14 billion) sold by foreign investors. Most of the orders could not be executed, as there were few buyers, but the prices were carried forward to the following day, when individual investors started large-scale bargain-busting.

The reasoning among Japanese investors was that since the national economy appeared to be heading for a substantial recovery through the government's efforts to expand home demand, Japanese stock prices must recover, as they had after previous setbacks.

Some individual investors are believed to have bought heavily on margin trading there-

investors who had shifted their investment from stocks and mutual funds to Treasury bonds and the money market would return to the stock market, to push the Dow Jones industrial average up to around 2,200.

Japanese stock prices, he said, would recover in two stages, the first by early in the new year and the second by March. The market peaked this summer at more than 26,000 on the 225-stock Nikkei average.

He said, however, that "foreign investors, who some people fear might sell Japanese stocks again if the yen started to rise further, will eventually return to Tokyo, if only to correct their oversold position. But it will take some time, so that the U.S. government's fiscal deficit-cutting policy will be important for the Tokyo stock market."

Japanese institutional investors, who have had heavy losses from their previous investment in U.S. Treasury bonds, are likely to restrain investment in this area, and the flow of dollars from Japan to the United States will

shift to exchange-market intervention by the Bank of Japan, which will invest dollars bought through intervention in U.S. Treasury bonds, he said.

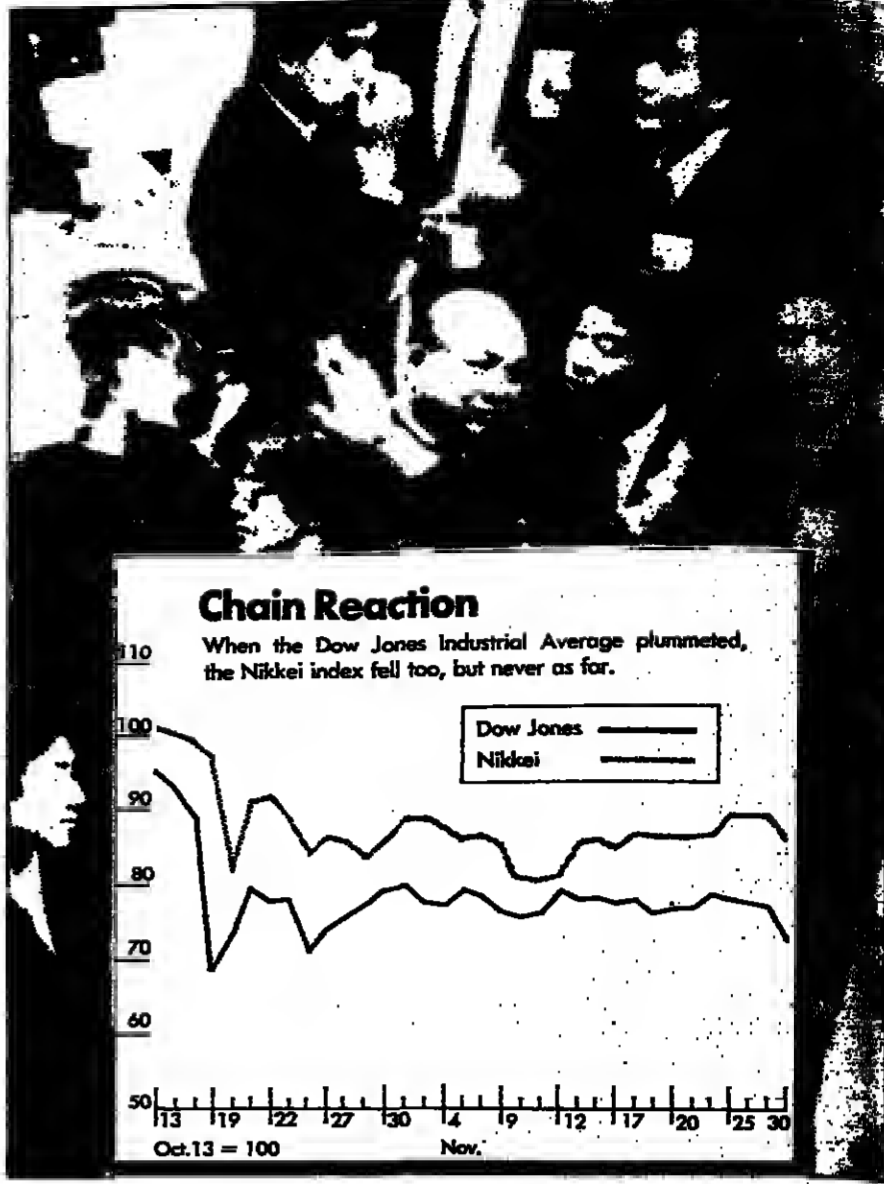
Banking sources said foreign investors would not be able to stay out of Tokyo for long, because Tokyo now accounts for around one-third of stock trading in the world. As of mid-April, Tokyo overtook New York in total market value, reaching nearly \$2.8 trillion. The decline in the Nikkei stock average as a result of the big crash was about 17 percent, compared with 23 percent in New York.

The Tokyo Stock Exchange and leading Japanese securities houses plan to expand their computerization networks both for accelerated documentation and closer contact between securities houses and their clients using personal computers. Both the stock exchange and the Federation of Bankers' Associations in Japan have plans to expand or introduce financial futures trading in cooperation with some futures markets overseas.

JAPANESE investors are also closely watching the monetary policy of the Bank of Japan in regard to the preliminary negotiations for a new G-7 meeting. They point to the possibility that the United States might want Japan to lower short-term interest rates in exchange for cutting the U.S. budget deficit.

The Bank of Japan changed its stance following Black Monday to guide interest rates lower but has said repeatedly that this was an emergency measure, stressing that the money supply continues at more than 11 percent above a year ago and might rise further through foreign exchange market intervention and the recent decision to allow placing of domestic commercial paper.

TAKESHI SATO is a free-lance journalist and a former financial reporter for the Tokyo bureau of Reuters.



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### Investments

## Market Movements Linked to Power Of Investment Yen

Special to the IHT

TOKYO — The London stock market moved toward its record high this week simply because Japanese investors were expected to start pouring money into the market following Prime Minister Margaret Thatcher's convincing election victory. They did not, and the market fell back.

The episode was a perfect example of the overwhelming importance that Japanese investors have in world markets today. Where they hold their money and where they intend to hold it have become the two questions that other market investors and analysts ask themselves first before predicting a market's performance.

It has become an accepted fact that Japanese money is the single biggest investment money pool in the world. Such is the influence it wields that, as in London's case, the position that Japanese investors take over any market can become a self-fulfilling prophecy.

The cry in the dealing room that the Japanese are there can quickly add several points to a bond or equity market.

In fact, the power of the investment yen has become so great that markets are in danger of becoming hypnotized by it. They would do well to look more closely at the history of Japanese investment planning and consider whether future strategy will be the same. It may not.

The estimated \$11 trillion to \$12 trillion held as financial assets by Japanese financial institutions, corporations and individuals is certainly a huge amount. But there is a significant reason why, until now, that money has had more influence in the world than it has merited: Japanese investors have followed a crowd mentality, and where one invests, all invest.

The classic example has been the U.S. Treasury market. Until the latest Treasury quarterly refunding at the beginning of November, Japanese investors were by far the biggest buyers of U.S. government debt, purchasing regularly as much as 30 percent of any offering. The standard view was that the Japanese trade surplus fed the U.S. budget deficit was in this respect true.

The Japanese government is enthusiastic that Japanese wealth should be recycled overseas in the interests of world economic equilibrium. Finance Ministry guidance has so far ensured that this recycling has occurred reasonably smoothly. A worrying drop in Japanese capital outflows over the beginning of this year drew serious official concern at home. Outflows have, by the way, started to decline again, following the latest round of currency instability, which makes any investment risky until rates stabilize to some extent.

Such crowd-like behavior, coupled with apparent obedience to Finance Ministry dictates, has led many foreign observers to underestimate the independence of the Japanese investor.

tory to the average Japanese investor.

Moreover, despite the apparent contradictory evidence supplied by their own free-wheeling, highly speculative and highly manipulated home markets, the Japanese investor abroad is the height of conservatism and prudence. Stable, long-term yields are his criteria of a solid investment. It does not take much, therefore, to see how U.S. government paper became the focus of Japanese overseas investment.

U.S. stocks were the next familiar objective. To many Japanese portfolio diversification still means switching from U.S. bonds to U.S. stocks.

Without these factors, it is difficult to understand just how Japan's major institutions could have accepted three severe reverses in their U.S. investments over the past two years. The Japanese have lost billions of dollars — first when the dollar declined from September 1985 on, then when it fell again after a false period of stabilization, and most recently when Wall Street collapsed and the dollar declined further.

BUT the Japanese are no longer willing to take such abuse. Figures published by the Japan Securities Dealer Association show that Japanese investment abroad is growing and diversifying rapidly. Nomura Securities, the world's biggest investment firm and the flagship of Japanese investment, is making markets in Canadian and, more importantly, in British stocks. To the dollar-bound Japanese investment community this is a significant move. The big Japanese securities houses are also starting to make markets in alternative currency bonds, especially British gilts, and they are eager to get at the West German bond market.

All the main Japanese financial institutions are reducing their dollar portfolios as a proportion of their total investments. Fund managers say they are restricted largely by two things — first, by a lack of experienced staff in other markets, and second, by the endemic conservatism of board members who trust no market but the Japanese market and otherwise see no link with the outside world, save the one across the Pacific. They are dying out.

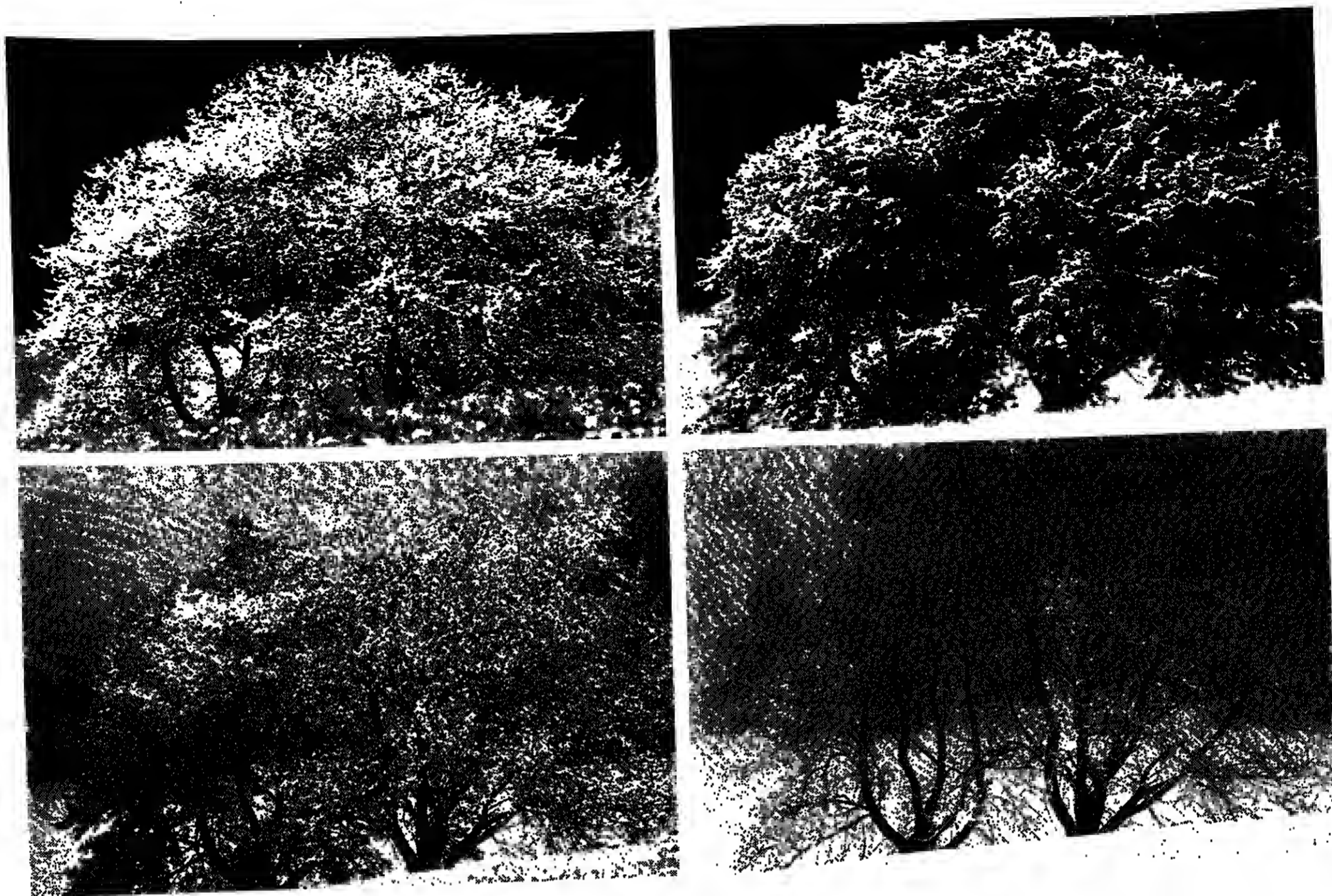
The Japanese have become unusually aggressive about dollar investments since the Wall Street disaster, and they demand that Washington tackle its deficit. Some portfolio managers threaten to buy no more dollar assets until it does so. That would be dangerous, because although the United States is capable of funding its own deficit, as the success of the November refunding showed, any major Japanese investor rebellion against the United States would cut the world's biggest creditor off from the world's biggest debtor.

There is also a strong tendency for the Japanese to retreat into their own markets when overseas investments turn rough. They are by no means the only ones to do this, as the foreign rush out of Japanese equities over the last few weeks has shown. However, the essential need to recycle Japan's trade surplus funds makes such a prospect unacceptable.

Handwritten text in Arabic script: "سكاي نيوز العربية"



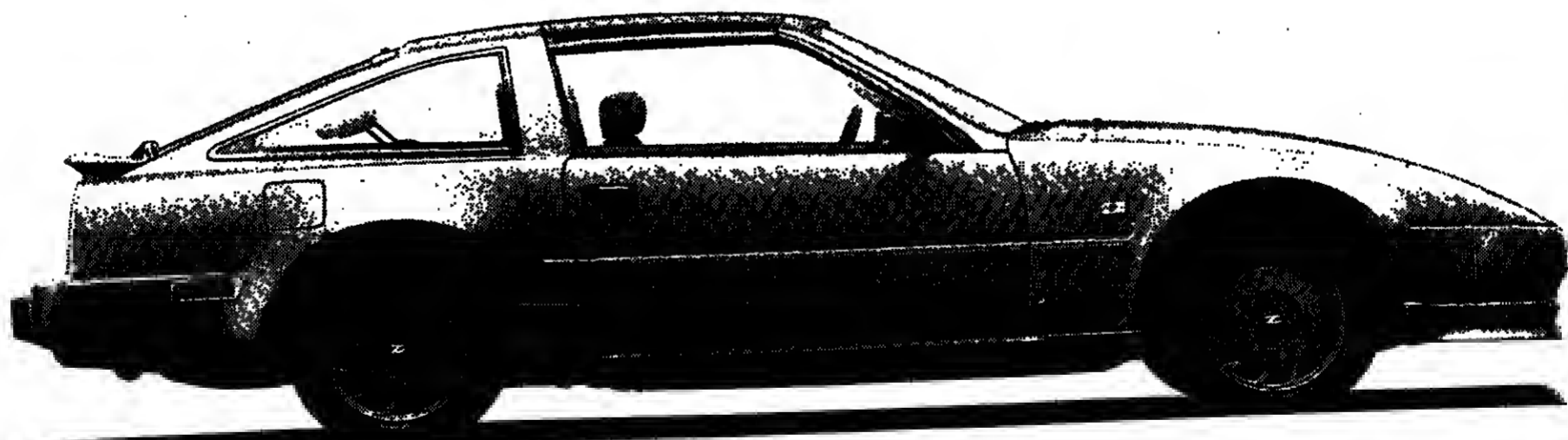




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MADISON AVENUE

Ad Spending May Resist A Possible Slump in 1990

By PHILIP H. DOUGHERTY

NEW YORK — If a recession does indeed develop by 1990, worldwide advertising probably will not be badly hurt, according to John Ferriss, worldwide media director of Britain's Saatchi & Saatchi.

Mr. Ferriss was on the lead-off panel of PaineWebber Inc.'s 15th annual Conference on the Outlook for the Media.

In 1973-75 and 1981-82 the economy declined but ad spending grew.

When a foreign-based advertising agency opens a branch in New York, it can't really be too hopeful of attracting local clients.

How about manufacturers from its own country with American branches? A little better chance, perhaps, but even they might feel more comfortable with an indigenous shop.

What it all comes down to is that foreign agencies have not had an easy time gaining a foothold on the slippery byways of Madison Avenue.

One such agency was Intermarco, established here in 1980 by Publicis of Paris, the largest agency in Europe.

THE BIG NEWS from the New York outpost is that the company's agencies are taking the name of their parent, Publicis. It is a name that now identifies the offices in 27 cities in 11 countries.

The name change was celebrated this week with a cocktail reception at the French Consulate given by Claude Marcus, the chairman of the parent company.

Hal Riney & Partners have resigned the E.&J. Gallo Winery account after seven years of award-winning work on its behalf.

Dan Solomon, Gallo's public-relations chief, said the Riney agency's tremendous growth had cut into the time that its executives could spend on the Gallo account.

James Travis, president of Riney, said this was not the reason the agency had resigned the Gallo account.

A former Gallo agency man, asking not to be quoted by name, said working for the Gallos was emotionally and physically wearing.

Dollar Not Enough to Aid U.S. Exports

Constraints At Home And Abroad

By Barnaby J. Feder

NEW YORK — These should be glory days for America's industrial exporters. Their products bristle with state-of-the-art technology.

Everyone feels more competitive whether they make sweaters or lasers," said George Knowles, deputy commercial counselor at the U.S. Embassy in London.

But against the background of this encouraging rebound, some built-in constraints are starting to stand out — problems that will hobble the pace at which manufacturing exports can grow.

The most obvious constraint is that foreign customers have to be wealthy enough to buy American products, even when their prices come down in local currency terms.



Caterpillar Inc. equipment being loaded for export from San Francisco.

Industrial nations fail to grow at a healthy clip and developing nations continue to stagger under huge debt loads.

Moreover, dollar declines can do little to help American companies export a substantial number of cars to a country like Japan.

Table titled 'America's Top 8 Export Products' showing values in billions of dollars for categories like Aircraft & Spacecraft, Auto Parts, Computer Parts, etc.

dropped dramatically," said Mr. Joelson. "The decline of the dollar makes our products more competitive, but it is not going to bring out buyers.

BP Buys Stake In Britoil, Bids For Up to 30%

By Warren Getler

LONDON — In a "dawn raid" Tuesday, British Petroleum Co. snatched up 14.9 percent of Britoil PLC's shares outstanding on the stock exchange.

The offer for the oil company, at 300 pence per share, reflects a premium of more than 60 percent to Monday's close in Britoil shares.

In recent months, BP has signaled its readiness to pursue acquisitions, after its \$7.6 billion purchase earlier this year of the 45 percent of Ohio-based Standard Oil Co. that it did not already own.

BP is likely to get the 29.9 percent, and it's obvious that it's going for a full takeover at some later point," said Peter Nichol, oil analyst with Chase Manhattan Securities in London.

"At 30 percent, BP would only benefit from Britoil's dividend, but not its cash flow," he said.

Late Tuesday, BP said that it had purchased 75 million ordinary shares in Britoil on the market.

BP raised \$1.5 billion in a rights issue last month, which was integrated into the government's \$7.5 billion BP share offer to the public.

In November, Kuwait moved to pick up some of the stock, buying a stake in BP that is thought to be around 11 percent.

Britoil shares had touched a high of 300 pence in early trading Tuesday, after news that an unidentified investor had purchased about 15 percent of its shares for 300 pence each or slightly less.

The identity of the investor, BP Petroleum Development Ltd., had been the subject of furious market speculation until the BP parent unveiled its plans at the end of Tuesday's trading.

By the official close of trading Tuesday, Britoil shares had lost some of their early gains, falling back to 266 pence.

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Britoil shares were the most active in a busy day on the London Stock Exchange, with more than 193 million Britoil shares changing hands.

"BP is paying a very high price for these Britoil shares in relation to current stock market conditions," said Michael Unsworth, oil industry analyst with Smith New Court Agency, a London broker.

"This shows how much BP wants these shares, and one assumes that BP will be willing to wait a few years for the government to let go of its golden share."

The government can maintain its veto power indefinitely, but Britoil's management has urged the government to consider lifting the golden share within a few years.

Britoil said later that it was considering BP's offer and advised shareholders not to take any action until it contacts them with advice.

Britoil posted net income of \$33 million in 1986, and most analysts are forecasting a sharp rise to around \$120 million or \$125 million for the current year.

Oil market analysts had been forecasting that big oil companies with ready cash would opt to buy undervalued shares of smaller, strategically placed competitors hoping to acquire them outright rather than pursuing exploration of new oil and gas fields on their own.

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FIGURES AS AT DECEMBER 31, 1986: TOTAL ASSETS: US \$ 16.8 billion SHAREHOLDERS' EQUITY: US \$ 1.6 billion

Currency Rates

Table of currency rates for various locations including Amsterdam, Brussels, Frankfurt, London, Milan, New York, Paris, Tokyo, Zurich, and others.

Other Dollar Values

Table of other dollar values for currencies like Australian, Canadian, Hong Kong, Indian, Japanese, etc.

Interest Rates

Table of interest rates for Eurocurrency deposits in various currencies and terms.

Key Money Rates

Table of key money rates for US Treasury bills, Treasury notes, and Treasury bonds.

Asian Dollar Deposits

Table of Asian dollar deposits for 1, 2, 3, and 6 months in various Asian currencies.

U.S. Money Market Funds

Table of U.S. money market funds including Merrill Lynch Ready Assets and others.

Gold

Table of gold prices in various locations like Hong Kong, London, and New York.





BUSINESS ROUNDUP

Chrysler to Sell Mitsubishi Coupé

Reuters
HILTON HEAD, South Carolina — Chrysler Corp. is expected to sell through its Jeep-Eagle dealer network a two-door coupé to be built at the new Diamond-Star Motors plant that Mitsubishi Motors Corp. will open in Illinois next year, company sources said Tuesday.

The Diamond-Star plant, due to open in the second half of 1988, presents a joint venture between Chrysler and Mitsubishi, with the two companies sharing its output equally.

U.S. Ruling Bolsters Texaco Stockholders

Reuters
WHITE PLAINS, New York — The U.S. Bankruptcy Court granted Texaco Inc. stockholders on Tuesday the power to veto any settlement of claims against the company's \$10.3 billion dispute.

B&C Will Pay \$188 Million for Rest of Abaco

Reuters
LONDON — British & Commonwealth Holdings PLC, the financial services conglomerate, said Tuesday that it had reached agreement to acquire the entire share capital of Abaco Investments PLC for £188.3 million (\$338 million).

Preussag Expects a Small Profit This Year

Reuters
HANNOVER, West Germany — Preussag AG, the metals and energy group, said Tuesday that it expected only a small profit in 1987 although sales rose 13 percent in the third quarter from the second.

1985. It posted a 1986 group net profit of 79 million DM, based on a new method of calculating consolidated results in line with new reporting guidelines.

Zinc prices fell in the third quarter despite relatively good demand on the European market. However, the average zinc producer price in mark terms rose 5.5 percent from the second quarter.

Debt-Burdened Cannon Plans Merger

Compiled by Our Staff From Dispatches
LOS ANGELES — Cannon Group Inc. said Tuesday that it intended to merge its operations with Media International NV, a hotel and tourism company in Amsterdam that has ties to the filmmaker's European investor.

stardom stock exchange would contribute all their operations to a new company called Cannon-Media Group.

"We didn't admit anything and we didn't deny anything," said Mr. Globus, referring to the settlement.

TransCanada Increases Bid for Encor

Reuters
TORONTO — TransCanada Pipelines Ltd. said Tuesday that it was raising its offer for Encor Energy Corp., valuing the company's common shares at 1.14 billion Canadian dollars (\$870 million) from 1.06 billion.

dollars to repay a loan to Canadian Imperial Bank of Commerce for about 360 million. The loan was secured by the Encor shares.

PC Makers Forecast Strong '88

By David E. Sanger
New York Times Service
SANTA CLARA, California — Despite the stock market plunge and fears of a recession, U.S. personal computer makers predicted on Tuesday near record growth in 1988, fueled by demand for a significantly more powerful generation of machines.

HENDERSON MANAGED INVESTMENT COMPANY
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R.C. LUX B 22847
NOTICE TO THE SHAREHOLDERS
PAYMENT OF A DIVIDEND

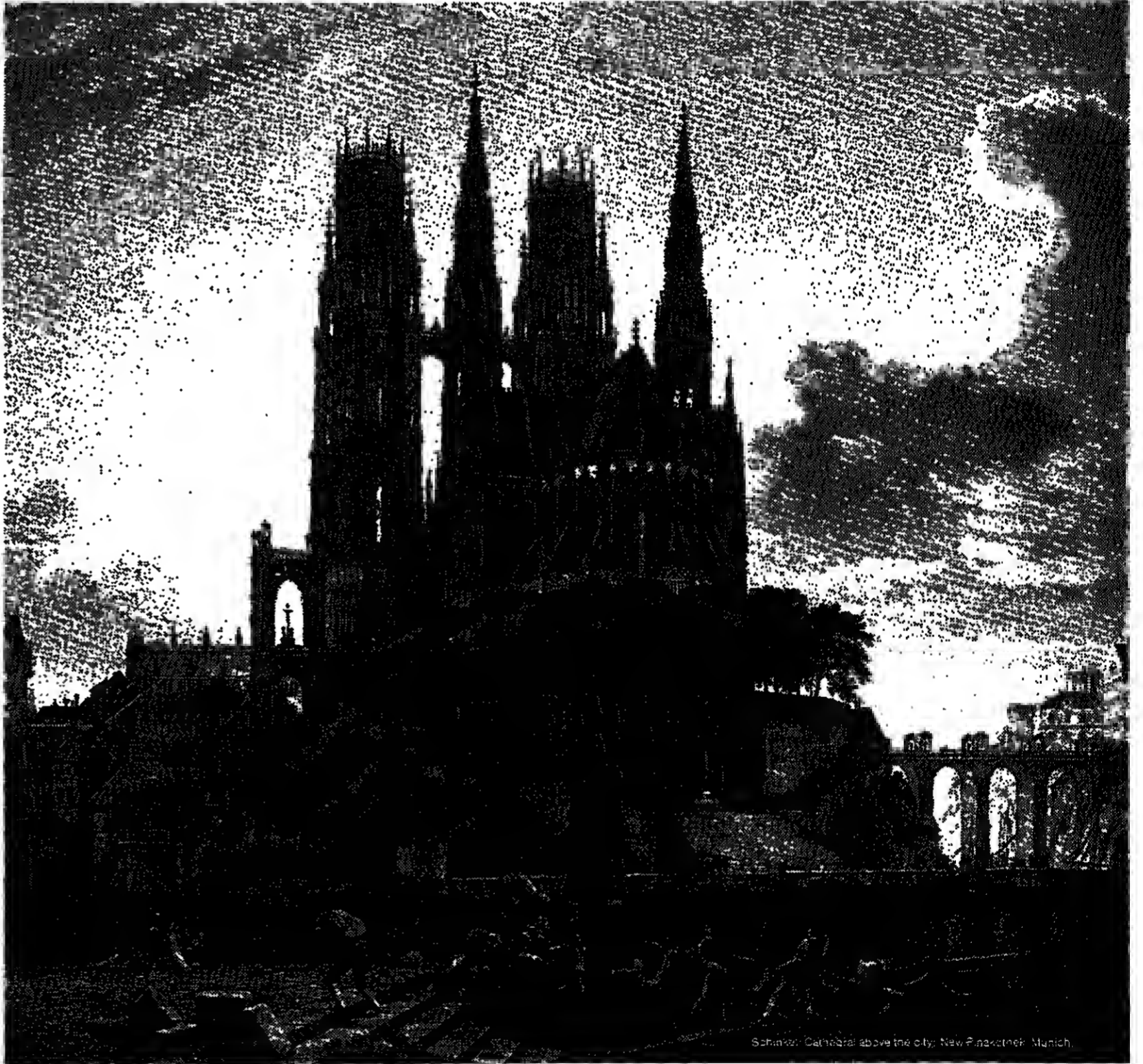
INTERNATIONAL BUSINESS OPPORTUNITIES
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Notice of Annual General Meeting

ROTHMANS INTERNATIONAL P.L.C.
The undersigned announces that the interim report for the six months ended on 30th September 1987 of Rothmans International P.L.C. will be available in Amsterdam at:

Tuesday's NYSE Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

12 Month High Low Stock Div. Yld. PE High Low Close

Table of NYSE closing prices for various stocks, including columns for 12-month high/low, stock name, dividend, yield, P/E ratio, and closing price.

Table of international stock prices, including columns for 12-month high/low, stock name, dividend, yield, P/E ratio, and closing price.

Table of international stock prices, including columns for 12-month high/low, stock name, dividend, yield, P/E ratio, and closing price.

Table of international stock prices, including columns for 12-month high/low, stock name, dividend, yield, P/E ratio, and closing price.

U.S. Futures

Via The Associated Press

Season Section High Low Open High Low Close Chg.

Grains

Table of U.S. futures prices for grains, including wheat, corn, and soybeans.

Livestock

Table of U.S. futures prices for livestock, including cattle and hogs.

Food

Table of U.S. futures prices for food commodities, including coffee and sugar.

Metals

Table of U.S. futures prices for metals, including copper, aluminum, and zinc.

Industrials

Table of U.S. futures prices for industrial commodities, including lumber and oil.

Financial

Table of U.S. futures prices for financial instruments, including Treasury bills and bonds.

Stock indexes

Table of U.S. stock market indexes, including the S&P 500 and Dow Jones.

Currency Options

Table of currency options prices for various international currencies.

Commodity Indexes

Table of commodity indexes, including Moody's and Reuters indexes.

NYSE Highs-Lows

Table of NYSE high and low prices for various stocks.

NEW HIGHS

Table of new high prices for various stocks.

Fokker Urged to Seek Merger

AMSTERDAM — Fokker NV, the Dutch airplane maker, said Tuesday that it had been urged to seek a merger before the end of 1990 under the terms of a \$27 million rescue plan announced in October.

U.S. High Court Rules On Foreign Brokers

WASHINGTON — The U.S. Supreme Court on Tuesday gave foreign commodities brokers new protection against being sued in federal courts in the United States.

Southland Shareholders Approve Sale

DALLAS — Southland Corp. shareholders approved Tuesday a \$4.9 billion leveraged buyout of the company by members of the founding Thompson family.

5 European Firms and Lockheed Plan a New Transport Aircraft

PARIS — Five European companies and Lockheed Corp. of the United States are planning to build a military transport aircraft to replace the U.S. Hercules and French Transall planes.

Lockheed, Aerospaciale, British Aerospace PLC and Messerschmitt-Bölkow-Blohm Gmbh of West Germany have begun initial work on the plane.

The government-run company said the project was designed to produce a plane for early in the next century that could also be used for civilian purposes.

Lockheed, Aerospaciale, British Aerospace PLC and Messerschmitt-Bölkow-Blohm Gmbh of West Germany have begun initial work on the plane.

Last week two more groups — Aeritalia SpA of Italy and Construcciones Aeronauticas SA of Spain — signed a memorandum of understanding to join the project.

Handwritten signature or mark at the bottom of the page.

TIGERS: 4 Asian Nations Limiting U.S. Trade Gains On Summit Fringe, Soviets Tout Joint Ventures

(Continued from Page 1) ... maintain its current exchange rate of around 29 Taiwan dollars.

Administration officials recently have made their complaints public. Two weeks ago, David C. Mulford, the U.S. Treasury's top international affairs official, warned the four nations to reduce their export dependency.

By Clyde H. Farnsworth, New York Times Service WASHINGTON — Senior Soviet economic officials, here in connection with the summit meeting, have begun efforts to sell skeptical U.S. businessmen on more exchanges and joint ventures with Moscow.

in a trade fair on construction machinery next year and would try to conclude an agreement that would end a ban on U.S. imports of mickel from the Soviet Union.

Monday's group comprised about 30 midlevel American executives, many of them Washington representatives of major companies. Also attending were officials from the Commerce Department and the U.S. Chamber of Commerce.

The meeting was seen as a small-scale preview of one scheduled for Thursday afternoon at the Soviet Embassy between Mr. Gorbachev and chief executives of about 80 leading companies.

Ready to Double At the bottom of the '87 crash Indigo put together an index of ten high-tech stocks with an average price near \$10 which showed promise of moving back up.

Indigo logo and contact information for Indigo Investment Services.

CONSTRAINTS: Lower Dollar Is Not Enough to Aid U.S. Industrial Exporters

(Continued from first finance page) chemical industry's tough 1982-1985 period.

chargers to Japanese car makers opens a plant in Japan to be near its customers.

to move production to be close to its customers. The strength of this impulse to move current exports into overseas production showed up in a recent study of high-growth midsize companies by management consultants McKinsey & Co.

ments, and they want the components to arrive only when needed. This strategy saves them the costs of owning, storing and keeping track of millions of dollars worth of components.

ket for computer-aided tomography diagnostic devices, better known as CAT scanners, GE ran into repeated delays when it began trying to obtain its first export license in 1980, a process that eventually consumed two years.

The strong survive all market conditions. Includes a globe image and text about professional management.

SYSTEMTREND THE FUTURES AND OPTIONS FUND. AND UP AGAIN IN NOVEMBER... Includes statistics on gains for November, October, and year-to-date.

Smaller firms 'come in a blaze of glory and expect to sort out a deal overnight.' — David Boddy, London consultant

With all this, there is also a range of more subtle constraints on exports that are frequently overlooked. Consider the following situations:

tic companies doing business overseas. The same forces will be working on companies now rushing into export markets because of the declining dollar.

Part of that effort was devoted to finding a local partner to join it in the bidding. Mr. Boddy said that the need to form local alliances is typical of such deals and one of many stumbling blocks that discourages would-be exporters.

Executives stress that manufacturers support many if not all of the government's export restrictions. Nevertheless, the National Academy of Sciences pointed out in a study this year that the restrictions cost the United States \$9 billion annually in exports.

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ADD SOMETHING SOLID TO YOUR PORTFOLIO. INVEST IN THE NEW GOLD BRITANNIA. As long as man can remember, gold has been the standard of wealth.

London Commodities table with columns for Dec 8, Dec 7, Dec 6, Dec 5, Dec 4, Dec 3, Dec 2, Dec 1.

Paris Commodities table with columns for Dec 8, Dec 7, Dec 6, Dec 5, Dec 4, Dec 3, Dec 2, Dec 1.

Dividends table with columns for Company, Dividend, Yield, Payout Ratio.

US Treasuries table with columns for Maturity, Bid, Offer, Yield, Price.

Spot Commodities table with columns for Commodity, Today, Prev., Pct. Chg.

DM Futures Options table with columns for Dec 8, Dec 7, Dec 6, Dec 5, Dec 4, Dec 3, Dec 2, Dec 1.

S&P 100 Index Options table with columns for Dec 7, Dec 6, Dec 5, Dec 4, Dec 3, Dec 2, Dec 1.

London Metals table with columns for Dec 8, Dec 7, Dec 6, Dec 5, Dec 4, Dec 3, Dec 2, Dec 1.

London Metals table with columns for Dec 8, Dec 7, Dec 6, Dec 5, Dec 4, Dec 3, Dec 2, Dec 1.

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London Metals table with columns for Dec 8, Dec 7, Dec 6, Dec 5, Dec 4, Dec 3, Dec 2, Dec 1.

Iberia Airlines Orders 40 Pratt & Whitney Jets. EAST HARTFORD, Connecticut — Pratt & Whitney has received an order for 40 jet engines from Spain's Iberia International Airlines.

**Tuesday's AMEX Closing**

Tables include the nationwide price up to the closing on Wall Street and do not reflect late trades elsewhere.

Via The Associated Press

High	Low	Stock	Div. Yld. PE	High	Low	Stock	Div. Yld. PE
75.00	74.00	AB	0.00	100	100	IBM	4.00
35.00	34.00	AG	0.00	100	100	IBM	4.00
45.00	44.00	AA	0.00	100	100	IBM	4.00
55.00	54.00	AC	0.00	100	100	IBM	4.00
65.00	64.00	AD	0.00	100	100	IBM	4.00

High	Low	Stock	Div. Yld. PE	High	Low	Stock	Div. Yld. PE
120.00	118.00	AA	0.00	100	100	IBM	4.00
130.00	128.00	AB	0.00	100	100	IBM	4.00
140.00	138.00	AC	0.00	100	100	IBM	4.00
150.00	148.00	AD	0.00	100	100	IBM	4.00
160.00	158.00	AE	0.00	100	100	IBM	4.00

High	Low	Stock	Div. Yld. PE	High	Low	Stock	Div. Yld. PE
200.00	198.00	AA	0.00	100	100	IBM	4.00
210.00	208.00	AB	0.00	100	100	IBM	4.00
220.00	218.00	AC	0.00	100	100	IBM	4.00
230.00	228.00	AD	0.00	100	100	IBM	4.00
240.00	238.00	AE	0.00	100	100	IBM	4.00

High	Low	Stock	Div. Yld. PE	High	Low	Stock	Div. Yld. PE
300.00	298.00	AA	0.00	100	100	IBM	4.00
310.00	308.00	AB	0.00	100	100	IBM	4.00
320.00	318.00	AC	0.00	100	100	IBM	4.00
330.00	328.00	AD	0.00	100	100	IBM	4.00
340.00	338.00	AE	0.00	100	100	IBM	4.00

**INTERNATIONAL FUNDS (Quotations Supplied by Funds Listed) Dec. 8, 1987**

Fund Name	Price	Fund Name	Price	Fund Name	Price
AL-ITAL GROUP	28.30	FNC AMRO TRADED CURRENCY FUND	10.50	GSAM Interest Int. FUND	11.50
AL-ITAL TRUST S.A.	28.30	FNC AMRO TRADED CURRENCY FUND	10.50	GSAM Interest Int. FUND	11.50
AL-ITAL TRUST S.A.	28.30	FNC AMRO TRADED CURRENCY FUND	10.50	GSAM Interest Int. FUND	11.50

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AS - Australian Dollars; BF - Belgian Francs; CA - Canadian Dollars; DM - Deutsche Marks; ECU - European Currency Unit; FF - French Francs; L.F. - Dutch Florin; L.S. - Pound Sterling; M.P. - Mexican Pesos; N.S. - New Zealand Dollars; S.F. - Swiss Francs; S.M. - Spanish Marks; T.S. - Taiwan Dollars; Y.P. - Yen; Y.S. - South African Rand; Z.S. - Zimbabwe Dollars. Not Commissioned; N.P. - Not Commissioned; S.P. - Suspended; S.S. - Suspend; S.T. - Suspend; S.U. - Suspend.

**AMEX High-Lows**

Stock	High	Low	Stock	High	Low
AA	100	98	AA	100	98
AB	100	98	AB	100	98
AC	100	98	AC	100	98

**BIG CROSSWORD**

IN THE IHT EVERY SATURDAY.  
THE FAMED NEW YORK TIMES  
SUNDAY CROSSWORD—ENOUGH  
TO KEEP YOU BUSY ALL WEEK.

(Continued on next page)

**Floating-Rate Notes**

Issuer	Amount	Rate	Issuer	Amount	Rate
Alcatel	100M	3.5%	Alcatel	100M	3.5%
Alcatel	100M	3.5%	Alcatel	100M	3.5%
Alcatel	100M	3.5%	Alcatel	100M	3.5%

J.P. Morgan

CURRENCY MARKETS

Dollar Declines in Thin Trading

NEW YORK — The dollar fell Friday in thin New York and European trading, dealers said, while most market participants avoided taking fresh positions before U.S. trade figures for October are released Thursday.

Table with columns: Currency, Bid, Ask, Change. Includes London Dollar Rates, Swiss Franc, French Franc, etc.

In London, the dollar edged down to 1.6667 DM from 1.6710 DM on Monday to 132.65 yen from 132.77 to 136.28 Swiss francs from 1.3635, and to 5.6525 French francs from 5.6613.

Greenspan Evokes 'Fiscal Discipline'

WASHINGTON — Alan Greenspan, chairman of the Federal Reserve Board, said Tuesday that fiscal discipline was needed as well as careful money supply policies to foster economic growth.

OPEC Is Squeezed by Falling Dollar

Options Are Few for Countering Loss of Purchasing Power

By Warren Getler International Herald Tribune LONDON — OPEC oil producers, feeling the pinch of the dollar's long slide since 1985, are increasingly desperate to find some means of protecting their shrinking purchasing power but have very few options for doing so, economists and industry sources say.

German Money Market Rates Edge Higher

FRANKFURT — West German money market rates edged higher Tuesday after the Bundesbank offered banks 35-day funds through a new round of securities repurchase agreements at 3.25 percent.

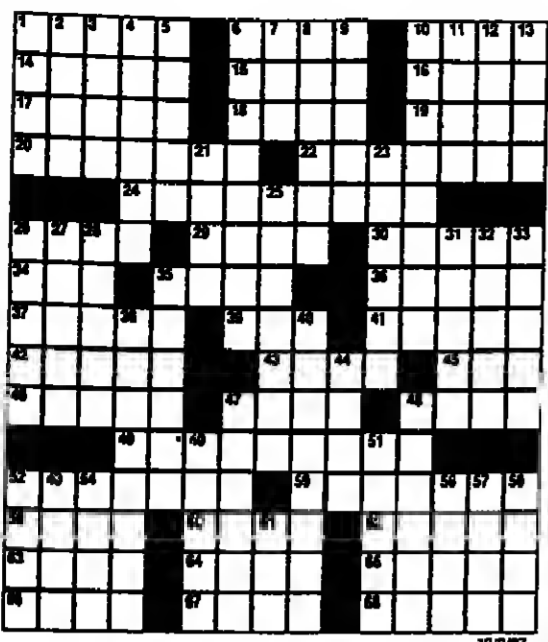
Remarks from Alan Greenspan, the Federal Reserve Board chairman, that fiscal discipline was needed to contain inflation and aid economic growth, had little impact on the currency, dealers said.

Large financial table with columns: 12 Month High Low Stock Div. Yld. Sales in 1986 High Low 4 P.M. CTR. Net. Includes sections for Tuesday's OTC Prices, AMEX Closing, and various stock market data.

Market Worries Cartel Committee

VIENNA — A key OPEC committee, meeting Tuesday a day before a full session of the oil cartel, termed the market situation very serious and called for adherence to official prices, OPEC delegates said.

"Since the beginning of the year, there has been a clear increase in barter trade by Iraq, Kuwait and the Saudis," said Mr. Stanislaw. "They will use barter to try and get preferential terms for their oil, but I think its more important for them as a device to generate markets for their crude" during the current glut.



- ACROSS**
- 1 Yellow stone
  - 6 Grease
  - 10 Shear
  - 14 Dumbfound
  - 15 Jug
  - 16 Storyteller's material
  - 17 St.-John's bread
  - 18 Tolstoy heroine
  - 19 "... the playing fields of ..."
  - 20 Knotty
  - 22 Wind instrument
  - 24 Mole's prey
  - 26 Lily of opera
  - 29 ... Carlo
  - 47 Distinctive air
  - 48 Writer of westerns
  - 49 Man from the Yards
  - 52 Sentences to prison
  - 55 Seminole chief
  - 59 Sylvan plant
  - 60 Sod for fuel
  - 62 Purposeful
  - 63 Love, for
  - 64 Branches
  - 65 Fanfare
  - 66 Forbids
  - 67 Actor
  - 68 Rents
  - 12 Ferrum
  - 13 Tony of baseball
  - 21 Therefore
  - 23 Hopper or Turner
  - 25 Frequenter
  - 26 Agreements
  - 27 City on the Missouri
  - 28 Of ships at sea
  - 31 Engraver
  - 32 Declaim
  - 33 British-Indian
  - 34 Actor's skin
  - 35 Launderers
  - 38 Some on Wall Street
  - 40 Sleep-producing
  - 44 Broadway musical
  - 47 Beg
  - 48 Place to spend
  - 49 drachma
  - 50 Above's Comb. form
  - 51 Two foursomes
  - 52 Pierce
  - 53 Bombeck
  - 54 A rope's kin
  - 56 Pot for Pedro
  - 57 Ananias
  - 58 Bible book
  - 61 Pierre's soul
- DOWN**
- 1 Change course
  - 2 Site of Muscat
  - 3 Yugoslav coin
  - 4 Atlantic island group
  - 5 Field equine
  - 6 Manufacturer's need
  - 7 Arista
  - 8 Fame
  - 9 Ursula Major
  - 10 neighbor
  - 16 Fulton's steamboat
  - 11 Novelist
  - 12 Pierre's soul
  - 40 Sleep-producing
  - 44 Broadway musical
  - 47 Beg
  - 48 Place to spend
  - 49 drachma
  - 50 Above's Comb. form
  - 51 Two foursomes
  - 52 Pierce
  - 53 Bombeck
  - 54 A rope's kin
  - 56 Pot for Pedro
  - 57 Ananias
  - 58 Bible book
  - 61 Pierre's soul

PEANUTS



BLONDIE



BEETLE BAILEY



ANDY CAPP



WIZARD OF ID



GARFIELD



JUMBLE



WORMAR



BOOKS

THE SHIFTING POINT
By Peter Brook. Illustrated. 254 pages. \$22.50. Harper & Row, Publishers Inc., 10 East 53d Street, New York, N. Y. 10022.

Reviewed by Mel Gussow

In the preface to his new book Peter Brook announces that he has never believed in "a single truth" but has sought a point of view with which one has "passionate and absolute identification."

Brook's "shifting" is actually a searching. Just as he has not allowed himself to be locked into predictability he has resisted career opportunities with a consistency bordering on defiance.

A skillful writer, he is revealing about the genesis of his own art and also about the art of others. The firsthand impressions of Gordon Craig, John Gielgud and Jan Kott are the perceptions of a man with the keenest eye for relevant detail.

subsequently sold). To Brook's dismay, producer asked him, "What are we going to call the film?"

Along with "The Empty Space," "The Shifting Point" earns its place in the library of invaluable theatrical volumes.

Mel Gussow is on the staff of The New York Times.

BEST SELLERS

This list is based on reports from more than 2,000 bookstores throughout the United States. Weeks on list are not necessarily consecutive.

Table with columns for Rank, Title, Author, and Weeks on List. Lists best-selling fiction and non-fiction books.

BRIDGE

By Alan Truscott

A MIXED pair from the Midwest was in the lead at the midpoint of the prestigious Blue Ribbon Pair Championship at the American Contract Bridge League's Fall National.

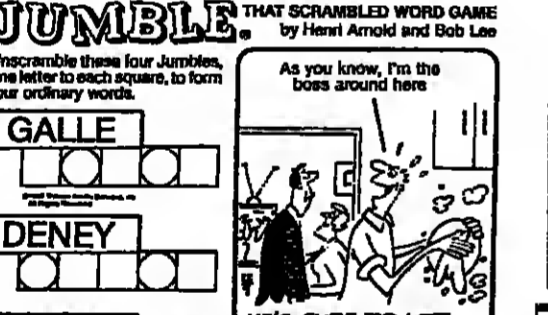
\$150,000. The 5,500-odd players who held the South hand, eventually found that the spade finesse was risky. If it lost, West might be able to give his partner a fourth-round heart ruff.

Bridge hand diagram showing cards in North and South hands, and a list of possible plays.

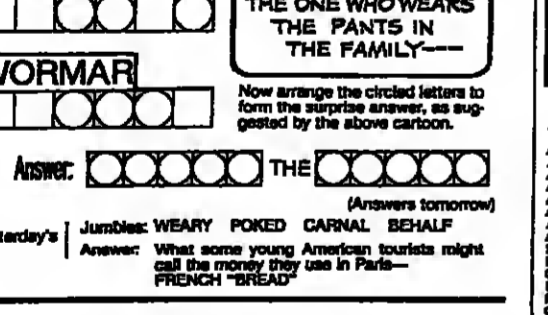
DENNIS THE MENACE



JUMBLE



WORMAR



WEATHER

Weather forecast table for various regions including Europe, Asia, Africa, Latin America, North America, Middle East, and Oceania.

World Stock Markets

Via Agence France Presse Closing prices in local currencies, Dec. 8.

Table of world stock market closing prices for various countries and indices.

Market Closed

The stock markets in Milan and Madrid were closed Tuesday for a holiday.

Table of market closed information for various countries and indices.

Canada's stock index

Canada's stock index rose 1.14 points to 10,127.44.

Table of Canadian stock market data including various indices and company prices.

To Our Readers

Montreal stock prices were not available Monday due to technical problems at the Associated Press in New York. We regret any inconvenience to readers.

Chevron Raises Stake In Japanese Venture

SAN FRANCISCO — Chevron Corp. has raised its stake in Karube Chemical Co. to 82 percent from 45 percent by buying most of the equity belonging to Japan's Kao Corp. Karube is a Japanese maker of lubricating oil additives.

The Daily Source for International Investors.

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SPORTS

Lendl Ends Dominating Year With a 3-Set Rout of Wilander

By John Feinstein
Washington Post Service
NEW YORK — When we last left Ivan Lendl and Mats Wilander...



Ivan Lendl: Still hungry.

A Hyped-Up Draw in Zurich, a Surefire Draw in Milan

Indeed, Gullit is headed either for the top of superstardom or the comet league... Rob Hughes does, says and breathes is compulsive viewing...



Ruud Gullit, star: An immense man of immense talent.

John Bosman are both top class. Indeed Ajax has Arnold Muhren in revival, igniting the likes of Brian Roy...

VANTAGE POINT/Scott Ostler Price Is High for South African 'Guilt Premium'

LOS ANGELES — How about Ian Woosnam... The prices are higher in South Africa, per performance...

SCOREBOARD

Scoreboard section containing Basketball, Football, National Basketball Association Leaders, Final Top-20 Polls, NFL Standings, U.S. College Results, and Field-Goal Percentages.

Rose Confirms Retirement

DALLAS — Pete Rose, manager of the Cincinnati Reds and baseball's career leader with 4,256 hits...

SPORTS BRIEFS

Marino Leads Dolphins Past Jets, 37-28
MIAMI (AP) — Dan Marino, bouncing back from one of the worst performances of his career...

Transition

Advertisement for David Morris Blancpain watches, featuring a watch image and text: 'SINCE 1735 THERE HAS NEVER BEEN A QUARTZ BLANCPAIN WATCH. AND THERE NEVER WILL BE.'

OBSERVER

Pass the Horsewhip

By Russell Baker
NEW YORK — When the Reverend Jerry Falwell and his mother were crudely savaged by Larry Flynt in Hustler magazine...

Flynt's contribution is well known. As the Prince of Sleaze, he would be offended if called a gentleman...

This passion for converting all problems in human relations into lawsuits is another illustration of decay in the American character...

If the court says yes, the famous chilling effect is likely to affect American publishing and television...

must suffer emotional distress every day when they see what press and TV have done to them. I have seen presidential candidates rage — or exhibit "emotional distress" — if you will — because a newspaper ignored speeches they made...

Imagine the intense emotional distress Gary Hart and Senator Biden suffered when cartoonists, "Saturday Night Live" and the wise-guy satirical columnists went to work on the misfortunes that knocked them out of the presidential campaign.

So if Falwell gets to keep his \$200,000, a lot of us out here will be looking for new jobs in which we can get paid for assuring humanity that his public figures are wonderful human beings.

A man of sound character would never have created this threat to the republic in the first place. Seeing Flynt's scabrous outburst humor, a man of sound character has two choices...

The horsewhipping of editors by outraged citizens was a fine American tradition in the 19th century, and ought to be revived today to save the country from the blight of lawsuits.

Horsewhipping in the Hustler case poses complications for the aggrieved citizen since Flynt's confinement to a wheelchair might make the horsewhipping seem less than a gentleman. A true gentleman might prefer to walk into Hustler's offices and horsewhip the entire staff.

More horsewhips, I say. Fewer lawsuits.

New York Times Service

A Brutal Surprise From Tavernier

By Michael Gibson

PARIS — "La Passion Béatrice," Bertrand Tavernier's latest film, seems to have taken quite a few people by surprise. "Un Dimanche à la campagne" was a gentle and compassionate reflection on loneliness and age...

The story, written by Colo O'Hagan, Tavernier's former wife, revolves around François de Cortemart (Bernard-Pierre Donnadieu), the violent, domineering lord of the estate, and his daughter, Béatrice (Julie Deply). There is something thoroughly Celtic about Colo's script...

Tavernier, a tall burly man, is driven by three passions: the cinema, history and jazz. In all three he shows a fascination for craft. Thus, when he talks about the way this picture was made, he dwells on the ingenuity of his director as restaurateur of the castle...

He is visibly thrilled by the minutiae of history, by the detective work it demands, partly because it affords him the pure delight of assembling clues, but also partly because these clues help him to understand how people's emotions worked in the peculiar circumstances of a remote age...



Tavernier (right) with Julie Deply during filming of "La Passion Béatrice."

of gross brutality and unexpected moral niceties.

"I picked up a lot of clues reading the etiquette manuals of the period," he said. "I would find out what the manual recommended and then tell the actors to do just the opposite. Because, if the manual says you mustn't blow your nose in the tablecloth, for instance, we may assume that this was something people actually did."

Tavernier decided not to seek inspiration for costumes in medieval illuminated manuscripts. Such sources, he argues, were painted for special occasions and therefore show people wearing clothes that were never intended for daily life.

In one sequence he is shown burning and plundering a hamlet on some neighbor's land, and stealing whatever cloth or scrap iron he can lay his hands on. This

is not to everyone's taste. "Tavernier," the newspaper Le Quotidien de Paris protested, "has imposed on the collective soul an image of chivalry gone corrupt. Chivalry never actually declined in fact; its earthly realm was merely reduced."

Early in the film, Cortemart is shown returning from war, deeply shaken by English tactics in the battle of Crécy and mortified by the defeat of the French knights. He rages through his castle like a wounded bull, turning against all about him. He rapes his daughter, humiliates his son and ultimately destroys himself.

Tavernier seems to elude some critics because he can't be consistently fitted into a slot. His pictures bestride geography and his-

try and he seems equally at ease everywhere. "People are always saying I'm eclectic," he said, sighing. The actor Philippe Noiret once told me it is because we are living in what he calls an age of commentary. Every creator is a prey to commentators who expect him to fit into a slot...

Born in Lyon where his father, René, was a literary critic, Tavernier wanted to make movies from the time he was 14. As a young man he worked as movie critic, public relations man and assistant director in turn.

He grew up with a great admiration for American films and a fascination for the United States in general that led him, a couple of years ago, to invest money into a sequence of four documentary films about William Faulkner country in Mississippi. The films, conceived for television, have been shown on French television, but Tavernier has not yet managed to arrange any interest for them in the United States.

He is very much a man of the provinces in a country that, by administrative and political tradition, is focused on Paris. "In my profession," he ruefully observed, "one is unfortunately obliged to become a Parisian. But I feel very deeply rooted in a certain French domain which I am eager to reveal in my pictures. I don't think I shall ever lose certain traces tied to the first five years of my life, which I spent in Lyon. They constantly reappear in my pictures — in the lighting, for instance, or in the arrangement of a room, or in the profile of some secondary role."

The differences between Paris and the provinces are not always easy to define. One might say, for instance, that the Parisian character is best exemplified by the violin, brilliant but at times shrill. Tavernier's France is more sensitive, but also warmer and more thoughtful — closer to the cello, in fact.

The score for "La Passion Béatrice" was derived from medieval music but composed by the American jazz musician Ron Carter. The cello is just one of the instruments he plays.

PEOPLE

Prince Charles Attends La Scala Season Opener

About 300 onlookers pressed behind barriers in cold and fog Monday night to catch a glimpse of Britain's Prince Charles entering Milan's La Scala theater for the gala debut of the opera season with Mozart's "Don Giovanni." The opera-loving prince was not accompanied by his wife, Diana, who was in London attending a charity premiere of the film "Dancers." The prince was applauded as he arrived at his box, which he left only once, to pose briefly for photographers at intermission.

The rock star and actress Madonna, citing irreconcilable differences, filed for divorce from actor Sean Penn after 27 months of matrimony. She asked for restitution of her maiden name — Madonna Ciccone — and division of the couple's property in line with a prenuptial agreement, according to court records in Santa Monica, California. Madonna, 29, and Penn, 27, were married Aug. 25, 1985, in a lavish ceremony on a Malibu bluff as photographers' helicopters buzzed overhead.

The American Academy of Arts and Letters has elected the writers William Styron, James Dickey and the late Joseph Campbell to the organization, the nation's highest honor society for literature and fine arts. Styron will take the seat held most recently by Lillian Hellman and Erskine Caldwell. Dickey will take the chair previously held by Richard Syster and John Steinbeck. Campbell died Oct. 31, after the election. The academy also named three new officers, novelist John Updike as chancellor and composer Milton Babbitt and poet Howard Nemerov as vice chancellors.

Former President Richard M. Nixon wants to shovel the first scoop of dirt at the groundbreaking of his long-delayed presidential library. "There's no doubt in my mind that health permitting, he intends to come and we will help gold shovel in the ground in September," Mayor Ronald Reagan of Yorba Linda, California, said. Construction of the library, a \$25-million project, is the former president's hometown should be completed by July 1990, the mayor said.

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